

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CA Cultural Technology Group Limited, you should at once hand this Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

A copy of the Prospectus Documents, together with copies of the documents specified in the paragraph headed "14. Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Law of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take no responsibility for the contents of any of these documents. You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the paragraph headed "Warning of the Risks of Dealing in the Shares and Nil-paid Rights Shares" in the "Letter from the Board" in this Prospectus.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker or other licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and HKSCC take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

The securities described in this Prospectus have not been registered under the US Securities Act or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the US Securities Act and applicable state laws. There is no intention to register any portion of the Rights Shares or any securities described in this Prospectus in the United States or to conduct a public offering of securities in the United States.

Distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons (including, without limitation, Shareholders and beneficial owners, agents, custodians, nominees and trustees) into whose possession this Prospectus comes should inform themselves of and observe any such restrictions. This Prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil paid Rights Shares or Rights Shares or to take up any entitlements to the nil paid Rights Shares or Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.



華夏文化科技集團
CA CULTURAL TECHNOLOGY GROUP

CA CULTURAL TECHNOLOGY GROUP LIMITED

華夏文化科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01566)

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE

(II) CLOSURE OF REGISTER OF MEMBERS

AND

(III) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

Underwriter of the Rights Issue



Raffaello Securities (HK) Limited

Capitalised terms used in this cover shall have the same meanings as those defined in the section headed "Definitions" in this Prospectus, unless otherwise stated.

The latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares is 4:00 p.m. on Friday, 17 June 2022. The procedures for acceptance and payment or transfer of the Rights Shares are set out on pages 26 to 34 in the section headed "Letter from the Board – PROCEDURES FOR ACCEPTANCE AND PAYMENT OR TRANSFER" of this Prospectus.

Shareholders should note that the Rights Issue will proceed on a fully-underwritten basis. Save for the Undertaken Shares and the Underwritten Shares, there is no requirement for a minimum level of subscription. Subject to the fulfilment or waiver (as applicable) of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

Shareholders should note that the existing Shares have been dealt in on an ex-rights basis from Tuesday, 3 May 2022. The Rights Shares in their nil-paid form will be dealt in from Tuesday, 7 June 2022 to Tuesday, 14 June 2022 (both days inclusive). If prior to the Latest Time for Termination, the Underwriter terminates the Underwriting Agreement or if any of the other conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue and the Underwriting Agreement" contained in the "Letter from the Board" in this Prospectus is not fulfilled or waived (as appropriate), the Rights Issue will not proceed. If the Underwriter terminates or rescinds the Underwriting Agreement, the Rights Issue will not proceed.

Any dealings in the Shares up to the date on which all the conditions of the Rights Issue are fulfilled (or waived (as appropriate)) and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases, will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing the Shares and/or the nil-paid Rights Shares who is in any doubt about his/her/its position is recommended to consult his/her/its own professional adviser(s).

It should be noted that the Underwriter may, upon giving notice in writing to the Company, terminate the Underwriting Agreement at any time prior to the Latest Time for Termination, upon the occurrence of certain events. These certain events are set out in the section headed "Termination of the Underwriting Agreement" on pages 10 to 11 of this Prospectus. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.

2 June 2022

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The Rights Issue is conditional upon the fulfillment or waiver (as applicable) of the conditions as described in the paragraph headed “Conditions of the Rights Issue and the Underwriting Agreement” contained in the “Letter from the Board” of this prospectus, including the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with its terms. It should also be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate its obligations on the occurrence of certain events. Please refer to the section headed “Termination of the Underwriting Agreement” of this prospectus for further details. Accordingly, the Rights Issue may or may not proceed. If any of the conditions of the Rights Issue is not fulfilled or waived (as applicable), or alternatively, if the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed.

It should be noted that existing Shares have been dealt in on an ex-rights basis from Tuesday, 3 May 2022. The Rights Shares in their nil-paid form are expected to be dealt in from Tuesday, 7 June 2022 to Tuesday, 14 June 2022 (both days inclusive).

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Rights Shares in their nil-paid forms is advised to exercise caution when dealing in the Shares and/or Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (or waived (as applicable)) (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases), will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO SHAREHOLDERS WITH REGISTERED ADDRESSES IN JURISDICTIONS OUTSIDE HONG KONG AND NEITHER IS THE RIGHTS ISSUE BEING MADE TO INVESTORS WHO ARE LOCATED OR RESIDING IN ANY OF THE JURISDICTIONS OUTSIDE HONG KONG, UNLESS AN OFFER OF RIGHTS SHARES AND NIL-PAID RIGHTS SHARES INTO SUCH JURISDICTIONS COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER LEGAL OR REGULATORY REQUIREMENTS OR THE OFFER IS MADE IN RELIANCE ON ANY EXEMPTION OR WHERE COMPLIANCE IS NOT UNDULY BURDENSOME.

This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer, invitation or solicitation is unlawful. None of the nil-paid Rights Shares, the fully-paid Rights Shares, this prospectus, the PAL and the EAF have been or will be registered or filed under the securities laws of any jurisdiction or with any securities commission or similar regulatory authority in any jurisdiction other than in Hong Kong and none of the nil-paid Rights Shares, the fully-paid Rights Shares, this prospectus, the PAL and the EAF will qualify for

NOTICES

distribution under any of the relevant securities laws of any of the jurisdictions outside Hong Kong (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the nil-paid Rights Shares and the fully-paid Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions other than in Hong Kong, or exemption from the registration or qualification requirements under applicable rules of such jurisdictions.

Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or who hold Shares on behalf of persons with such addresses should refer to the paragraph headed “Rights of the Overseas Shareholders” under “Letter from the Board” of this prospectus.

Each person acquiring the nil-paid Rights Shares and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by his acquisition of the nil-paid Rights Shares and/or Rights Shares to confirm, that he is aware of the restrictions on offers and sales of the nil-paid Rights Shares and/or Rights Shares described in this prospectus.

FORWARD-LOOKING STATEMENTS

All statements in this prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustrate”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this prospectus include, without limitation, statements in respect of the Group’s business strategies, service offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this prospectus are based on management’s present expectations about future events. Management’s present expectations reflect numerous assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

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Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this prospectus, be it as a result of new information, future events or otherwise.

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DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings:

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| “Acceptance Date” | Friday, 17 June 2022, being the last date for acceptance of, and payment of, the Rights Shares |
| “Announcement” | the announcement of the Company dated 12 April 2022, in relation to, amongst other things, the Rights Issue and the Underwriting Agreement |
| “Announcements” | collectively, the Announcement, the Clarification Announcement, the Further Clarification Announcement and the Supplemental Announcement |
| “Annual Results” | the Group’s consolidated audited annual results for the year ended 31 March 2022 |
| “associates” | has the meaning ascribed thereto in the Listing Rules |
| “Beneficial Owner(s)” | any beneficial owner(s) of the Shares whose Shares are registered in the register of members of the Company in the name of a Registered Shareholder |
| “Board” | the board of Directors |
| “Bonville Glory” | Bonville Glory Limited, a company incorporated in BVI with limited liability, the entire issued share capital of which is wholly-owned by Mr. TING |
| “Bright Rise” | Bright Rise Enterprises Limited, a company incorporated in BVI with limited liability, the entire issued share capital of which is wholly-owned by Mr. CHONG |
| “Business Day” | a day (other than a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above or “extreme conditions” caused by super typhoons announced is announced by the Government of Hong Kong or a “black” rainstorm warning signal is hoisted or in effect between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which commercial banks in Hong Kong are open for business |
| “BVI” | the British Virgin Islands |

DEFINITIONS

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| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “CCASS Clearing Participant” | a person admitted by HKSCC to participate in CCASS as a direct clearing participant or general clearing participant |
| “CCASS Custodian Participant” | a person admitted by HKSCC to participate in CCASS as a custodian participant |
| “CCASS Investor Participant” | a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation |
| “CCASS Operational Procedures” | the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time |
| “CCASS Participant” | a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant |
| “Clarification Announcement” | the announcement of the Company dated 19 May 2022, in relation to, amongst other things, the clarifications made with respect to the Deeds of Irrevocable Undertaking for the Rights Issue |
| “Companies Law” | the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands |
| “Companies Ordinance” | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including its amendments from time to time |
| “Company” | CA Cultural Technology Group Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on main board of the Stock Exchange (stock code: 1566) |
| “Connected Person(s)” | has the meaning ascribed thereto in the Listing Rules |

DEFINITIONS

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| “Deed(s) of Irrevocable Undertaking” | the seven deeds of irrevocable undertaking executed by (i) Bright Rise and Fortress Strength (on the deeds of irrevocable undertaking dated 12 April 2022); (ii) East Jumbo (on the deed of irrevocable undertaking dated 20 May 2022); and (iii) Bonville Glory, Dragon Year, Mr. IKEDA and Mr. TING (on the deeds of irrevocable undertaking dated 24 May 2022) respectively, which provided irrevocable undertaking to the Company and the Underwriter with respect to the Rights Issue |
| “Despatch Date” | Thursday, 2 June 2022, being the expected date of despatch of the Prospectus Documents (or such later date as may be agreed between the Company and the Underwriter) |
| “Director(s)” | the director(s) of the Company |
| “Dragon Year” | Dragon Year Group Limited, a company incorporated in BVI with limited liability, the entire issued share capital of which is wholly-owned by Mr. IKEDA |
| “EAF(s)” | the excess application form(s) for application for excess Rights Shares proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue |
| “East Jumbo” | East Jumbo Development Limited, a company incorporated in BVI with limited liability, the entire issued share capital of which is wholly-owned by Ms. OR Den Fung Bonnie |
| “Excluded Shareholders” | the Overseas Shareholders in respect of whom the Board, after making relevant enquiries, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place |
| “Fortress Strength” | Fortress Strength Limited, a company incorporated in BVI with limited liability, the entire issued share capital of which is wholly-owned by Ms. LEE Sui Fong Fiona (spouse of Mr. CHONG) |

DEFINITIONS

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| “Fortune Trust Concert Parties” | the parties acting in concert with the beneficiaries of the Fortune Trust (with Newgate (PTC) Limited as trustee), being the substantial Shareholder of the Company, which beneficially owns 290,752,000 Shares as at the Latest Practicable Date (representing approximately 24.60% of the entire issued share capital of the Company, assuming no change in the number of Shares in issue on or before the Record Date), or 293,969,000 Shares (representing approximately 24.00% of the entire issued share capital of the Company (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options)), comprises of the Bright Rise, Fortress Strength, Bonville Glory, East Jumbo, Dragon Year and their respective ultimate beneficial owners |
| “Further Clarification Announcement” | the announcement of the Company dated 25 May 2022, in relation to, amongst other things, (i) the further clarifications made with respect to the Deeds of Irrevocable Undertaking; and (ii) the further revised timetable for the Rights Issue |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | third party(ies) independent of and not connected with the Company and its Connected Persons and is not acting in concert (as defined in the Takeovers Code) with any of the Connected Persons of the Company or any of their respective associates (as defined under the Listing Rules) |

DEFINITIONS

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| “Intermediary” | in relation to a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the Beneficial Owner’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the Beneficial Owner’s Shares with a CCASS Participant |
| “Last Trading Day” | 12 April 2022, being the last trading day for the Shares on the Stock Exchange before the release of the Announcement |
| “Latest Practicable Date” | 30 May 2022, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information in this Prospectus |
| “Latest Time for Acceptance” | 4:00 p.m. on the Acceptance Date |
| “Latest Time for Termination” | 4:00 p.m. on 20 June 2022, being the first Business Day following the Acceptance Date, being the latest time for the termination of the Underwriting Agreement |
| “Listing Committee” | has the meaning ascribed thereto under the Listing Rules |
| “Listing Rules” | the Rules Governing the Listing of Securities of the Stock Exchange |
| “MGO Obligation” | the obligation to make a mandatory general offer under the Takeovers Code |
| “Model Code” | Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules, as amended and supplemented from time to time |
| “Mr. CHONG” | Mr. CHONG Heung Chung Jason, an executive Director, the chairman and a substantial Shareholder of the Company as one of the members of the Fortune Trust Concert Parties |
| “Mr. IKEDA” | Mr. Shinichiro IKEDA, a substantial Shareholder of the Company as one of the members of the Fortune Trust Concert Parties, who personally owns 12,000,000 Shares |

DEFINITIONS

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| “Mr. TING” | Mr. TING Ka Fai Jeffrey, an executive Director and a substantial Shareholder of the Company as one of the members of the Fortune Trust Concert Parties, who personally owns 3,217,000 outstanding Share Options (exercisable into 3,217,000 Shares) |
| “Overseas Shareholders” | the Shareholders whose addresses as shown in the register of members of the Company on the Record Date are not situated in Hong Kong |
| “PAL(s)” | the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue |
| “PRC” | the People’s Republic of China which, for the purpose of this Prospectus, shall exclude Hong Kong, Macau and Taiwan |
| “Prospectus” | this prospectus to be issued by the Company relating to Rights Issue |
| “Prospectus Documents” | this Prospectus, the PAL and the EAF proposed to be despatched to the Qualifying Shareholders on the Despatch Date and any such supplementary prospectus to be despatched to the Qualifying Shareholders (if required) |
| “Public Float Requirement” | the public float requirement under Rule 8.08(1)(a) of the Listing Rules |
| “Qualifying Shareholders” | Shareholders, whose names appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders |
| “Record Date” | 12 May 2022, being the date for determining entitlements of the Shareholders to participate in the Rights Issue (or such other date as the Underwriter may agree in writing with the Company) |
| “Registered Shareholder(s)” | in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorised custodian or third party which is the registered Shareholder in the register of members of the Company of the Shares in which the Beneficial Owner is beneficially interested |

DEFINITIONS

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| “Registrar” | the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong |
| “Rights Issue” | the proposed issue by way of rights of Rights Shares in the proportion of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price, payable in full on acceptance, on the terms and subject to the conditions of the Underwriting Agreement and the Prospectus Documents |
| “Rights Share(s)” | (a) no less than 591,021,000 Rights Shares (assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date); and (b) no more than 612,476,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options) proposed to be offered to the Qualifying Shareholders for subscription by way of the Rights Issue |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Scale-down EAF Shares” | such number of Rights Shares (rounded up to the nearest integral) applied for as excess application under the EAF(s) which would, if allotted by the Company, result in either the incurring of an MGO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company |
| “Scale-down PAL Shares” | such number of Rights Shares (rounded up to the nearest integral) applied for under the PAL(s) which would, if allotted by the Company, result in either the incurring of an MGO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company |
| “Second Supplemental Underwriting Agreement” | the second supplemental underwriting agreement dated 25 May 2022, entered into between the Company and the Underwriter, regarding the further revised timetable for the Rights Issue |
| “SFC” | the Securities and Futures Commission of Hong Kong |

DEFINITIONS

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| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), including its amendments from time to time |
| “Share(s)” | ordinary share(s) of HK\$0.1 each in the share capital of the Company |
| “Share Option(s)” | 42,910,000 outstanding share options of the Company exercisable into 42,910,000 Shares, granted by the Company pursuant to the terms and conditions of the Share Option Scheme |
| “Share Option Scheme” | the Share Option Scheme adopted by the Company on 16 February 2015 |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Specified Event” | an event occurring or matter arising on or after the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties and/or undertakings contained in the relevant provision of the Underwriting Agreement untrue or incorrect in any material respect |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | HK\$0.143 per Rights Share |
| “substantial Shareholder” | has the meaning ascribed thereto in the Listing Rules |
| “Supplemental Announcement” | the announcement of the Company dated 10 May 2022, in relation to, amongst other things, the revised timetable for the Rights Issue |
| “Supplemental Underwriting Agreement” | the supplemental underwriting agreement dated 10 May 2022, entered into between the Company and the Underwriter, regarding the revised timetable for the Rights Issue |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time) |
| “trading day” | means a day on which the Exchange is open for the trading of securities |

DEFINITIONS

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| “Undertaken Shares” | a total number of 145,376,000 Rights Shares (or 146,984,500 Rights Shares, assuming the full exercise of the Share Options owned by Mr. TING, as the case may be) to be provisionally allotted to the Fortune Trust Concert Parties (in accordance with the shareholding of each of the Fortune Trust Concert Party), which have undertaken to subscribe pursuant to the Deeds of Irrevocable Undertaking |
| “Underwriter” | Raffaello Securities (HK) Ltd., a corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, being the Underwriter |
| “Underwriting Agreement” | the underwriting agreement dated 12 April 2022 (as revised and supplemented by the Supplemental Underwriting Agreement and the Second Supplemental Underwriting Agreement) entered into between the Company and the Underwriter in relation to the Rights Issue, as revised, supplemented or amended from time to time in accordance with its terms |
| “Underwritten Shares” | no less than 445,645,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), and up to 465,491,500 Rights Shares, being the maximum number of Rights Shares deducting the Undertaken Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the new Shares that are allotted and issued pursuant to the full exercise of outstanding Share Options), to be underwritten by the Underwriter on a fully underwritten basis, subject to the terms and conditions of the Underwriting Agreement |
| “US Securities Act” | the United States Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder |
| “US” or “United States” | the United States of America, its territories and possessions, any State of the United States, and the District of Columbia |
| “%” | per cent. |

TERMINATION OF THE UNDERWRITING AGREEMENT

TERMINATION OF THE UNDERWRITING AGREEMENT

If at any time on or before the Latest Time for Termination:

- (I) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that any of the warranties or undertakings in the Underwriting Agreement being untrue, inaccurate, misleading or breached, or there is any matter which would reasonably be expected to give rise to a material breach or claim, and in each case the same is (in the absolute opinion of the Underwriter) material in the context of the Rights Issue; or
- (II) any of the following events take place:
 - (i) any introduction of any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
 - (ii) any event or circumstance in the nature of force majeure (including, without limitation, any act of government, any local, national or international event or change of a political, financial, economic or other nature affecting local securities markets, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in Hong Kong and Cayman Islands;
 - (iii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction of trading in securities) occurs;
 - (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, terrorism, strike or lock-out occurred after the signing of the Underwriting Agreement;
 - (v) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ninety consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements in connection with the Rights Issue or for such events as required under the Listing Rules not caused by any default or breach of the Listing Rules by the Company;
 - (vi) the Company's application to the Listing Committee for the permission for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) on the Stock Exchange is withdrawn by the Company and/or refused or revoked by the Stock Exchange;

TERMINATION OF THE UNDERWRITING AGREEMENT

- (vii) the occurrence of any Specified Event which is incapable of being waived by the Underwriter; or
- (viii) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere,

which is or are, in the sole and absolute opinion of the Underwriter:

- (a) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (b) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then the Underwriter may, by notice in writing given to the Company on or before the Latest Time for Termination, rescind the Underwriting Agreement and the Rights Issue shall not proceed.

Upon termination of the Underwriting Agreement by the Underwriter, all obligations of the Underwriter and the Company hereunder shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement and the Company shall not be liable to pay any underwriting commission. Termination of the Underwriting Agreement shall be without prejudice to any rights of any party in respect of any breach by the other prior to such termination.

If the Underwriter exercises such right, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate:

| Events | Hong Kong Date and Time |
|--|---------------------------------------|
| First day of dealings in nil-paid Rights Shares | 9:00 a.m. on Tuesday, 7 June 2022 |
| Latest time for splitting of PALs | 4:30 p.m. on Thursday, 9 June 2022 |
| Last day of dealings in nil-paid Rights Shares | Tuesday, 14 June 2022 |
| Latest time for payment for and acceptance of Rights Shares and the application and payment for the excess Rights Shares | 4:00 p.m. on Friday, 17 June 2022 |
| Latest time for termination of underwriting agreement | 4:00 p.m. on Monday, 20 June 2022 |
| Rights Issue expected to become unconditional after | 5:00 p.m. on Monday, 20 June 2022 |
| Announcement of the Rights Issue results | Friday, 24 June 2022 |
| Despatch of certificates for fully-paid Rights Shares and refund cheques for wholly and partially unsuccessful excess applications | Monday, 27 June 2022 |
| First day of dealings in fully-paid Rights Shares | 9:00 a.m. on Tuesday, 28 June 2022 |

All times and dates stated in this Prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company in agreement with the Underwriter and in accordance with the Listing Rules. The Company will make an announcement to notify the Shareholders and the Stock Exchange in the event of any changes to the expected timetable as and when appropriate.

| |
|---------------------------|
| EXPECTED TIMETABLE |
|---------------------------|

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION FOR AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for Rights Shares and for application and payment for excess Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, “extreme conditions” caused by super typhoon as announced by the Government of Hong Kong, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 17 June 2022. Instead, the latest time of acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 17 June 2022. Instead, the latest time of acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on Friday, 17 June 2022, the dates mentioned above may be affected. The Company will notify Shareholders by way of separate announcement(s) of any change to the expected timetable as soon as practicable.



華夏文化科技集團
CA CULTURAL TECHNOLOGY GROUP

CA CULTURAL TECHNOLOGY GROUP LIMITED

華夏文化科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01566)

Executive Directors:

Mr. CHONG Heung Chung Jason
Mr. TING Ka Fai Jeffrey
Ms. LIU Moxiang
Mr. XIONG Hao

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111 Cayman Islands

Independent Non-executive Directors:

Mr. NI Zhenliang
Mr. TSANG Wah Kwong
Mr. HUNG Muk Ming

*Principal place of business
in Hong Kong:*

Suite 2905, 29/F
China Resources Building
26 Harbour Road
Wanchai,
Hong Kong

2 June 2022

*To the Qualifying Shareholders and
for information only,
the Excluded Shareholders and the holders of the Share Options*

Dear Sir or Madam,

**(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE
FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE
(II) CLOSURE OF REGISTER OF MEMBERS
AND
(III) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS UNDER
THE SHARE OPTION SCHEME**

INTRODUCTION

References are made to the Announcements in relation to, among other things, the Rights Issue, the Underwriting Agreement, the clarifications made with respect to the Deeds of Irrevocable Undertaking and the revised timetable for the Rights Issue.

LETTER FROM THE BOARD

In the Announcement, the Board announced that the Company proposed to raise gross proceeds of (i) approximately HK\$84.52 million before expenses by way of a rights issue of 591,021,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); and (ii) approximately HK\$87.58 million by way of the issue of 612,476,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options), at a price of HK\$0.143 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders.

The Rights Issue is fully underwritten by the Underwriter.

The purpose of this Prospectus is to provide you with, among other things, (i) further details on the Rights Issue including information on dealings in, transfer and acceptance of the Rights Shares; (ii) certain financial information of the Group; and (iii) other information in respect of the Group.

RIGHTS ISSUE

The terms and the details of the Rights Issue are summarised below:

| | | |
|---|---|---|
| Basis of the Rights Issue | : | One (1) Rights Share for every two (2) existing Shares held on the Record Date |
| Subscription Price | : | HK\$0.143 per Rights Share |
| Number of Shares in issue as at the Latest Practicable Date | : | 1,182,042,000 Shares |
| Number of Rights Shares | : | (a) No less than 591,021,000 Rights Shares (assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date); and (b) No more than 612,476,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options) |

LETTER FROM THE BOARD

- | | | |
|--|----------|--|
| <p>Number of Shares in issue immediately upon completion of the Rights Issue</p> | <p>:</p> | <p>(a) No less than 1,773,063,000 Shares (assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date); and</p> <p>(b) No more than 1,837,428,000 Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the outstanding Share Options and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)</p> |
| <p>Amount to be raised by the Rights Issue before expenses</p> | <p>:</p> | <p>Not less than approximately HK\$84.52 million and no more than approximately HK\$87.58 million, before deduction of the costs and expenses which the Company will incur in the Rights Issue</p> |
| <p>Right of excess applications</p> | <p>:</p> | <p>Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment</p> |
| <p>Underwriter</p> | <p>:</p> | <p>Raffaello Securities (HK) Ltd.</p> |

As at the Latest Practicable Date, there are 42,910,000 outstanding Share Options granted by the Company exercisable into 42,910,000 Shares pursuant to the terms and conditions of the Share Option Scheme. Save for the foregoing, as at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date, the number of 591,021,000 Rights Shares to be issued and allotted pursuant to the Rights Issue (i) represent approximately 50% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 33.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Assuming no change in the number of issued Shares on or before the Record Date other than the full exercise of outstanding Share Options and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 612,476,000 Rights Shares proposed to be issued pursuant to the Rights Issue represents approximately 33.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares, on the basis of the full exercise of outstanding Share Options.

LETTER FROM THE BOARD

The Company has not conducted any rights issue, open offer and/or specific mandate placing within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

Subscription Price

The Subscription Price is HK\$0.143 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or applications for excess Rights Shares, or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- i. a premium of approximately 4.38% over the closing price of HK\$0.137 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- ii. a discount of approximately 42.11% to the closing price of HK\$0.247 per Share as quoted on the Stock Exchange on the Last Trading Day;
- iii. a discount of approximately 29.90% to the average closing price of approximately HK\$0.204 per Share for the last five consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- iv. a discount of approximately 16.37% to the average closing price of approximately HK\$0.171 per Share for the last ten consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- v. a discount of approximately 7.74% to the average closing price of approximately HK\$0.155 per Share for the last thirty consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- vi. a discount of approximately 32.50% to the theoretical ex-rights price of approximately HK\$0.212 per Share based on the closing price of HK\$0.247 per Share as quoted on the Stock Exchange on the Last Trading Day;
- vii. a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 14.0%, represented by the theoretical diluted price of approximately HK\$0.212 per Share to the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of approximately HK\$0.247 per Share, taking into account the closing price on the Last Trading Day of HK\$0.247 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of approximately HK\$0.204 per Share; and

LETTER FROM THE BOARD

- viii. a discount of approximately 88.00% to the consolidated net asset value per Share of approximately HK\$1.192 (based on the latest published audited consolidated net asset value of the Company as at 31 March 2021 of approximately HK\$1,170 million and 981,702,000 issued Shares at the material time).

The terms of the Rights Issue, including the Subscription Price and the subscription ratio (i.e. one (1) Rights Share for every two (2) existing Shares held), were arrived at after arm's length negotiation between the Company and the Underwriter and determined by the Directors with reference to the following factors:

I. Market price of the Shares prior to and including the Last Trading Day

During the six months up to and including the Last Trading Day, the closing price of the Shares was on a general downward trend after the sudden drop of about 76% in the Share price on 6 October 2021, which reached HK\$0.123 per Share on 15 March 2022. The Share price closed at HK\$0.247 per Share on the Last Trading Day. In view of the aforementioned general downward trend of the closing price of the Shares, and in order to enhance the attractiveness of the Rights Issue to the Shareholders, the Directors set the Subscription Price at a material discount to the then market prices of the Shares as mentioned above.

It should not be overlooked that the Rights Issue is fully underwritten by the Underwriter, hence the Subscription Price would have to be attractive enough to Shareholders and investors, in order for the Underwriter to conclude that the proposed rights issue is commercially feasible to underwrite. Setting the Subscription Price materially higher might not have been commercially agreeable by the Underwriter, and the underwriting commission rate could also have been higher if the Underwriter was to factor in the likelihood of lower acceptance rate by Shareholders (other than the parties which have executed the Deeds of Irrevocable Undertaking) if the Subscription Price was not attractive enough to the Shareholders.

II. Prevailing market conditions

The generally poor market sentiment of the capital market in Hong Kong since the commencement of 2022 was also taken into account.

During the six months up to and including the Last Trading Day, the Hang Seng Index was on a general downward trend with the index dropping from the highest of approximately 26,132 on 25 October 2021 to approximately 18,415 at closing on 15 March 2022. The index closed at approximately 21,319 on the Last Trading Day.

LETTER FROM THE BOARD

The Directors considered that such sentiment may affect investors' confidence in the market and therefore set the Subscription Price at a discount to the then market prices of the Shares to encourage Shareholders to participate in the Rights Issue.

III. Amount of fund raising targeted by the Company under the Rights Issue

The net proceeds from the Rights Issue after deducting the expenses are estimated to be (i) approximately HK\$79.32 million (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$82.38 million (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options), is elaborated in the section headed "Reasons for the Rights Issue and Use of Proceeds") of this prospectus.

In addition to the above factors, the Subscription Price was set at a discount to the recent closing prices of the Shares, aiming at lowering the further investment cost of the Shareholders, so as enhance the attractiveness of the Rights Issue and encourage the Shareholders to participate in the Rights Issue, thereby allowing them to maintain their shareholdings in the Company, and correspondingly participate in the future growth and development of the Group.

The Directors have noted the substantial discount to the net asset value per Share and the general downward trend of the Share price as aforementioned. Nevertheless, taking into account the fact that (i) the proceeds from the Rights Issue can help ameliorate the financial position of the Group, especially in respect of the Group's indebtedness, for which an amount of approximately HK\$147.95 million has become due in March 2022, and thus the acuteness for the Group to proceed the Rights Issue with certainty (by the Underwriter fully underwriting the Rights Issue); (ii) the Shares were traded at a discount to the net assets value per Share of approximately HK\$1.192 as at 31 March 2021 over the 3-month period from 12 January 2022 up to and including the Last Trading Day ranging from approximately 65.18% to 89.68%; (iii) the material discount of the Subscription Price as compared to the average share price of the Company for the different periods up to and including the Last Trading Day (as reflected in the section headed "Rights Issue – Subscription Price"); (iv) each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its shareholding interest held on the Record Date on a fair and equitable basis; and (v) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell their nil-paid rights in the market, the Directors consider that it is an appropriate timing to conduct the Rights Issue and the Rights Issue conducted is in the interests of the Company and its shareholders as a whole.

LETTER FROM THE BOARD

In view of the above, together with the fact that the proceeds from the Rights Issue can finance the potential research and development expenses to be incurred by the Group as a result of the possible investment made by the Group and help improve the financial position of the Group, the Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and its shareholders as a whole. Further, after taking into consideration the reasons for the Rights Issue as stated in the section headed “Reasons for the Rights Issue and Use of Proceeds” below, the Directors consider the terms of the Rights Issue (including the rate of the underwriting commission) to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.134 (assuming no change in the number of Shares in issue on or before the Record Date) and approximately HK\$0.135 (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options).

Dilution effect

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company may be diluted.

The Rights Issue will result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 14.0%, represented by the theoretical diluted price of approximately HK\$0.212 per Share to the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of approximately HK\$0.247 per Share, taking into account the closing price on the Last Trading Day of HK\$0.247 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of approximately HK\$0.204 per Share.

LETTER FROM THE BOARD

Therefore, the Directors consider that the Rights Issue is in the interests of the Qualifying Shareholders.

In addition, the Directors would like to draw the attention of the Shareholders that:

- (a) the Rights Issue provides the Qualifying Shareholders the opportunity to subscribe for their pro-rata Rights Shares which will enable them to maintain their shareholding interests in the Company (save for fractional entitlements) at a discount to the recent closing prices of the Shares as quoted on the Stock Exchange; and
- (b) the Qualifying Shareholders who do not take up their entitlements in the Rights Issue are able to sell the nil-paid Rights Shares in the market, while the Qualifying Shareholders who wish to increase their shareholding interests in the Company through the Rights Issue are able to make excess applications for additional Rights Shares and/or acquire additional nil-paid Rights Shares in the market.

IRREVOCABLE UNDERTAKING

As at the Latest Practicable Date, the Fortune Trust Concert Parties in aggregate held 290,752,000 Shares, representing approximately 24.60% of the entire issued share capital of the Company (assuming no change in the number of Shares in issue on or before the Record Date), or 293,969,000 Shares, representing approximately 24.00% of the entire issued share capital of the Company (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options, including that of Mr. TING's) detailed as follows:

- (i) Bright Rise, which beneficially owns 177,056,000 Shares;
- (ii) Fortress Strength, which beneficially owns 26,187,000 Shares;
- (iii) Bonville Glory, which beneficially owns 12,900,000 Shares;
- (iv) East Jumbo, which beneficially owns 12,329,000 Shares;
- (v) Dragon Year, which beneficially owns 50,280,000 Shares;
- (vi) Mr. IKEDA, who personally owns 12,000,000 Shares; and
- (vii) Mr. TING, who personally owns 3,217,000 outstanding Share Options (exercisable into 3,217,000 Shares).

As disclosed in the Clarification Announcement and the Further Clarification Announcement, Bright Rise and Fortress Strength executed their Deeds of Irrevocable Undertaking dated 12 April 2022, East Jumbo executed its Deed of Irrevocable Undertaking dated 20 May 2022 and Bonville Glory, Dragon Year, Mr. IKEDA and Mr. TING executed their Deeds of Irrevocable Undertaking dated 24 May 2022.

LETTER FROM THE BOARD

Pursuant to the Deeds of Irrevocable Undertaking, each of the relevant Fortune Trust Concert Party (being the signatories of the Deeds of Irrevocable Undertaking, i.e. Bright Rise, Fortress Strength, Bonville Glory, East Jumbo, Dragon Year, Mr. IKEDA and Mr. TING) has provided irrevocable undertaking to the Company and the Underwriter, pursuant to which, each of the Fortune Trust Concert Party has irrevocably and unconditionally undertaken, among other things:

- (i) to subscribe for a total number of 145,376,000 Rights Shares (or 146,984,500 Rights Shares, assuming the full exercise of the Share Options owned by Mr. TING, as the case may be) to be provisionally allotted to the Fortune Trust Concert Parties (in accordance with the shareholding of each of the Fortune Trust Concert Party);
- (ii) not to apply, subscribe for or take up any excess shares in the Rights Issue, apart from those allotted in accordance with the shareholding of each of the Fortune Trust Concert Party as at the date of the Announcement; and
- (iii) not to sell, dispose of or transfer, or agree to sell, dispose of or transfer any of the Shares held by them or any one of them from the date of the Deed of Irrevocable Undertaking to the date of completion of the Rights Issue.

Qualifying Shareholders and Excluded Shareholders

The Rights Issue is only available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders. The Company will not extend the Rights Issue to the Excluded Shareholders. The Company will, on the Despatch Date, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Excluded Shareholders for information purposes only, but will not send any PAL or EAF to them.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be an Excluded Shareholder. Shareholders having an address in Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will qualify for the Rights Issue.

Shareholders having an address outside Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will not qualify for the Rights Issue if the Board, based on legal opinions (where applicable and made if Overseas Shareholders are available), considers that the exclusion of such Overseas Shareholders from the Rights Issue would be necessary or expedient on account either of legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

LETTER FROM THE BOARD

In order for transferees to be registered as a member of the Company by the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Wednesday, 4 May 2022. The last day for dealing in the Shares on a cum-rights basis is Friday, 29 April 2022.

Holders of Share Options who wish to participate in the Rights Issue should exercise their Share Options in accordance with the terms and conditions of the Share Option Scheme and be registered as holders of the Shares so allotted and issued to them pursuant to such exercise with the Company on or before the Record Date.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Closure of register of members

The register of members of the Company is closed from Thursday, 5 May 2022 to Thursday, 12 May 2022 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares is registered.

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents. Any holdings (or balance of holdings) of less than two (2) Shares will not entitle their holders to be provisionally allotted a Rights Share.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a cheque or banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before the Latest Time for Acceptance.

Rights of the Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. The Prospectus Documents to be despatched in connection with the Rights Issue will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

LETTER FROM THE BOARD

The Company has, in compliance with Rule 13.36(2)(a) of the Listing Rules, made reasonable enquiries of the legal requirements regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. As at the Latest Practicable Date, the Company had no Overseas Shareholders based on the shareholders information available from the Registrar. Since the register of members is closed from 5 May 2022 to 12 May 2022, the Company confirms that the Company will have no Overseas Shareholders as at the Record Date.

The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Excluded Shareholders for information purposes only but will not send any PAL or EAF to them.

It is the responsibility of any person (including but without limitation to nominee, custodian, agent and trustee) receiving a copy of the Prospectus or the PAL or the EAF outside Hong Kong and wishing to take up the Rights Shares or make an application for excess Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents for observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. If you are in any doubt as to your position, you should consult your professional adviser. For the avoidance or doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before the last day for dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. Any net proceeds of sale thereof, after deduction of expenses, will be paid in Hong Kong dollars to the Excluded Shareholders pro rata to their respective entitlements as at the close of business on the Record Date, provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit. Any such unsold nil-paid Rights Shares to which such Excluded Shareholders would otherwise have been entitled will be made available for excess application by the Qualifying Shareholders under the EAF(s). Should there be no excess application by the Qualifying Shareholders or such excess applications are for less than the total number of Underwritten Shares, those Rights Shares will be fully underwritten by the Underwriter.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

LETTER FROM THE BOARD

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty and any other applicable fees and charges in Hong Kong.

Certificates for the Rights Shares and Refund Cheques for the Rights Shares

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on or about Monday, 27 June 2022 by ordinary post to the allottees, at their own risk, to their registered addresses. If the Underwriting Agreement is terminated or does not become unconditional, refund cheques will be posted on or before Monday, 27 June 2022 by ordinary post to the respective Shareholders, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted on or about Monday, 27 June 2022 by ordinary post to the applicants, at their own risk, to their registered addresses. One share certificate will be issued for all the Rights Shares a shareholder is entitled to.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAF(s). Should there be no excess application by the Qualifying Shareholders or such excess applications are for less than the total number of Underwritten Shares, those Rights Shares created from the aggregation of fraction of the Rights Shares will be fully underwritten by the Underwriter. No odd lot matching services will be provided.

No odd lot matching services will be provided as the Directors are of the view that, having compared the fees to be charged by a designated securities broker and the market value of the odd lots of Shares, it will not be cost-effective for the Company to appoint such a securities broker to provide matching services for odd lots of Shares. As such, the Directors consider that it is in the interest of the Company and the Shareholders not to provide odd lot matching services for the Rights Issue.

The Company reserves the right to treat as invalid any acceptances of or applications for the nil-paid Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Furthermore, the Company reserves the right to treat as invalid any purported acceptance of the provisional allotment of Rights Shares comprised in a PAL and/or any application for excess Rights Shares under an EAF or to refuse to register any purported transfer of the rights represented thereby if it appears to the Company or its agents that acceptance of such provisional allotment of Rights Shares or transfer or the registration of such transfer may involve a breach of the laws or regulations of any territory or jurisdiction or if in respect thereof the Shareholder or its agent has not given the declaration set out in the PAL and/or the EAF in respect of such matters.

LETTER FROM THE BOARD

PROCEDURES FOR ACCEPTANCE AND PAYMENT OR TRANSFER

General

Any person (including, without limitation, agents, nominees and trustees) wishing to take up his/her/its rights under the Rights Issue must satisfy himself/herself/itself as to the full observance of the applicable laws of any relevant territory or jurisdictions including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes and duties due in such territories or jurisdictions. The attention of Shareholders with registered addresses in any of the jurisdictions outside Hong Kong or who hold Shares on behalf of persons, and investors who are located or resided in, with such addresses is drawn to the paragraph headed “Qualifying Shareholders and Excluded Shareholders” in this letter.

Completion and return of the PAL and/or EAF will constitute a warranty and representation to the Company, from such person, that all registration, legal and regulatory requirements of all relevant jurisdictions other than Hong Kong, in connection with the PAL and any acceptance of it and/or the EAF and any applications under it, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the above representation or warranty.

The Company may treat as invalid any instruction which appears to the Company to have been despatched from any of the jurisdictions outside Hong Kong and which may involve a breach of the laws of the relevant jurisdictions; or otherwise appears to the Company may involve a breach of the laws of any jurisdiction; or if the Company or its agents believes the same may violate any applicable legal or regulatory requirement.

Action to be taken by Qualifying Shareholders

Subscription for all Rights Shares provisionally allotted

A PAL is enclosed with this Prospectus for each Qualifying Shareholder which entitles him/ her/it to subscribe for the number of Rights Shares shown in the PAL. If a Qualifying Shareholder wishes to accept all Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Friday, 17 June 2022. All remittances must be made by cheque or banker’s cashier order in Hong Kong dollars. Cheques must be drawn on a bank account with, and banker’s cashier orders must be issued by, a licensed bank in Hong Kong and made payable to “**CA Cultural Technology Group Limited**” and crossed “**ACCOUNT PAYEE ONLY**”.

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It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on Friday, 17 June 2022, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may, at its discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

No receipt will be given in respect of any application monies received.

You must pay the exact amount payable upon application for the Rights Shares by cheque or cashier's order. Underpaid applications will be rejected. In the event of overpaid application, a refund cheque will be made out to you only if the overpaid amount is HK\$100 or above.

Transfer and "splitting" of nil-paid Rights Shares

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer a part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/ her/it under the PAL or to transfer all or part of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation not later than 4:30 p.m. on Thursday, 9 June 2022 with the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PAL. This process is commonly known as "splitting" the nil-paid Rights Shares.

Having "split" the nil-paid Rights Shares, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given above in relation to the subscription for the Rights Shares provisionally allotted.

If a Qualifying Shareholder wishes to transfer all of his/her/its nil-paid Rights Shares under a PAL (or a split PAL, as the case may be) to another person, he/she/it should complete and sign the "Form of Transfer and Nomination" (Form B) in the PAL and hand the PAL to the person to or through whom he/she/it is transferring his/her/its nil-paid Rights Shares. The transferee must then complete and sign the "Registration Application Form" (Form C) in the PAL and lodge the PAL intact, together with a remittance for the full amount payable on acceptance with the Registrar by no later than 4:00 p.m. on Friday, 17 June 2022.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

It should be noted that Hong Kong stamp duty is payable in connection with the transfer of nil-paid Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

LETTER FROM THE BOARD

All cheques or banker's cashier orders will be presented for payment immediately upon receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and lodgment of a PAL together with a cheque or banker's cashier order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or banker's cashier order will be honoured on first presentation. Without prejudice to its other rights in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation, and in that event the provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled.

No receipt will be given in respect of any application monies received.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

If any of the conditions of the Rights Issue (as set out in the paragraph headed "Conditions of the Rights Issue and the Underwriting Agreement" in this letter from the Board of this prospectus) is not fulfilled or waived (as applicable), the monies received in respect of acceptances of the Rights Shares will be refunded to the Qualifying Shareholders (or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred) without interest, by means of cheques crossed "**ACCOUNT PAYEE ONLY**" to be despatched by ordinary post to their registered addresses, and in the case of joint applicants to the registered address of the first-mentioned person who appears on the register of members or the transfer form, at their own risk on or around Monday, 27 June 2022.

Action to be taken by Beneficial Owners whose Shares are held by a Registered Shareholder (other than through CCASS)

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Shareholder and you wish to subscribe for the Rights Shares provisionally allotted to such Registered Shareholder in respect of your Shares, or sell the respective nil-paid Rights Shares or "split" those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should contact the Registered Shareholder and provide the Registered Shareholder with instructions or make arrangements with the Registered Shareholder in relation to the acceptance, transfer and/or "splitting" of the nil-paid Rights Shares.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed "Expected Timetable" of this Prospectus and otherwise in accordance with the requirements of the Registered Shareholder in order to allow the Registered Shareholder sufficient time to ensure that your instructions are given effect.

LETTER FROM THE BOARD

Action to be taken by Beneficial Owners holding interests in Shares through CCASS

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited in respect of your Shares, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should (unless you are a CCASS Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of the nil-paid Rights Shares.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” of this Prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

Beneficial Owners who are CCASS Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in nil-paid Rights Shares should be dealt with.

Action to be taken by Qualifying Shareholders who wish to apply for excess Rights Shares

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Friday, 17 June 2022.

All remittances must be made by cheque or banker’s cashier order in Hong Kong dollars. Cheques must be drawn on a bank account with, and banker’s cashier orders must be issued by, a licensed bank in Hong Kong and made payable to “**CA Cultural Technology Group Limited**” and crossed “**ACCOUNT PAYEE ONLY**”.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis, according to the principle that any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of excess Rights Shares applied for but no reference will be made to Rights Shares comprised in applications by PAL or the existing number of Shares held by Qualifying Shareholders. If the aggregate number of Rights Shares not taken up by Qualifying Shareholders under PALs is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots.

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All cheques and banker's cashier orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and lodgment of an EAF together with a cheque or banker's cashier order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or banker's cashier order will be honoured on first presentation. Any EAF in respect of which a cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected.

No receipt will be given in respect of any application monies received.

An EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including refund cheques for amounts due, will be sent at the risk of the person(s) entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it has not been completed in accordance with the relevant instructions.

If no excess Rights Shares are allotted and issued to a Qualifying Shareholder, the amount tendered on application is expected to be refunded to that Qualifying Shareholder in full without any interest by means of cheque(s) despatched by ordinary post and at the risk of such Shareholder on or around Monday, 27 June 2022. If the number of excess Rights Shares allotted and issued to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be refunded to such Shareholder without any interest by means of cheque(s) despatched by ordinary post and at the risk of such Shareholder on or about Monday, 27 June 2022.

If any of the conditions of the Rights Issue (as set out in the paragraph headed "Conditions of the Rights Issue and the Underwriting Agreement" in this letter from the Board of this prospectus) is not fulfilled or waived (as applicable), the Rights Issue will not proceed and the monies received in respect of applications for excess Rights Shares will be returned without interest to the relevant Qualifying Shareholders and, in the case of joint applicants, to the registered address of the first-mentioned person by means of cheque(s) to be despatched by ordinary post at their own risk on or around Monday, 27 June 2022.

Beneficial Owners whose Shares are held by a Registered Shareholder, or which are held in CCASS, should note that the Board will regard the Registered Shareholder (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, such Beneficial Owners should note that the above arrangement in relation to the allocation of the excess Rights Shares will not be extended to them individually.

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Action to be taken by Beneficial Owners whose Shares are held by a Registered Shareholder (other than Shares deposited in CCASS) who wish to apply for excess Rights Shares

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Shareholder and you wish to apply for excess Rights Shares, you should contact the Registered Shareholder and provide the Registered Shareholder with instructions or make arrangements with the Registered Shareholder in relation to such application. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for excess Rights Shares stated in the section headed “Expected Timetable” in this Prospectus and otherwise in accordance with the requirements of the Registered Shareholder, in order to allow the Registered Shareholder sufficient time to ensure that your instructions are given effect.

Action to be taken by Beneficial Owners holding interests in Shares through CCASS who wish to apply for excess Rights Shares

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to apply for excess Rights Shares, you should (unless you are a CCASS Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the application for excess Rights Shares. Such instructions and/or arrangements should be given or made in advance of the date stated in the section headed “Expected Timetable” in this Prospectus and otherwise in accordance with the requirements of your Intermediary, in order to allow your Intermediary sufficient time to ensure that your instructions are given effect.

Beneficial Owners who are CCASS Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to any applications for excess Rights Shares. HKSCC Nominees Limited will allocate the excess Rights Shares it receives to the relevant CCASS Participants pro rata to the number of excess Rights Shares each has applied for, or in such other manner as HKSCC Nominees Limited considers fair and appropriate which is pursuant to the allocation basis stipulated in Rule 8.10.4(ix) of the CCASS Operational Procedures. The procedures for application for excess Rights Shares shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

Application for excess Rights Shares

Subject always to the scaling-down mechanism as described in the paragraph headed “Scale-down of subscriptions to avoid triggering the MGO Obligation and Non-Compliance with Public Float Requirement” below, the Company shall make the Excess Rights Shares available for subscription by the Qualifying Shareholders by means of EAFs, and the Excess Rights Shares represent:

- (i) any Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (ii) any entitlements of the Excluded Shareholders provisionally allotted to a nominee of the Company which are left unsold;

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- (iii) any of the Rights Shares created from the aggregation of fractions of the Rights Shares which are left unsold; and
- (iv) the Scaled-down PAL Shares (if any) and the Scaled-down EAF Shares (if any).

Subject to the requirements of Rule 7.21(3)(b) of the Listing Rules, the Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis, according to the principle that any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of excess Rights Shares applied for but no reference will be made to Rights Shares comprised in applications by PAL or the existing number of Shares held by Qualifying Shareholders. If the aggregate number of Rights Shares not taken up by Qualifying Shareholders under PALs is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots.

Should there be no excess application by the Qualifying Shareholders or such excess applications are for less than the total number of Underwritten Shares, the Excess Rights Shares will be fully underwritten by the Underwriter.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for with the Registrar, at Shops 1712–1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Friday, 17 June 2022.

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

Shareholders with Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under the names of the beneficial owners prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

Scale-down of subscriptions to avoid triggering of the MGO Obligation and Non-Compliance with Public Float Requirement

To avoid the unwitting triggering of any MGO Obligation and/or the Company's non-compliance with the Public Float Requirement, all applications for the Rights Shares by the Qualifying Shareholders whether under the PAL(s) or the EAF(s), or by transferees of nil-paid Rights Shares, are subject to the scaling-down mechanism as determined by the Company and will be made on the basis that the applications are to be scaled-down by the Company (further details of which are set out below) to such level which does not result in (a) any MGO Obligation being triggered by those affected applicant(s) and/or group of

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affected applicant(s) (together with parties respectively acting in concert with him/her/it/them); and/or (b) the Company's non-compliance with the Public Float Requirement.

Any subscription monies for the Scaled-down PAL Shares or the Scaled-down EAF Shares will be refunded to the affected applicants, and the Scaled-down PAL Shares and the Scaled-down EAF Shares will be made available for subscription by other Qualifying Shareholders through the EAF(s). Should there be no excess application by the Qualifying Shareholders or such excess applications are for less than the total number of Underwritten Shares, the Scaled-down PAL Shares and the Scaled-down EAF Shares not being applied (whether validly or otherwise) and/or fully paid for under the EAFs will be fully underwritten by the Underwriter.

Such scaling-down of applications of Rights Shares shall operate on a fair and equitable basis under the following principles: (a) EAF(s) should be scaled down before PAL(s); (b) where the scale-down is necessitated by the exceeding of shareholding by a group of Qualifying Shareholders acting in concert (the "**Affected Shareholders Group(s)**") rather than an individual Qualifying Shareholder, the allocations of EAF(s) and PAL(s) to members of the Affected Shareholders Group should be made by reference to the number of Shares held by the affected applicants on the Record Date; and (c) the allocations of EAF(s) and PAL(s) to different Affected Shareholders Groups and/or affected individual Qualifying Shareholders should be made by reference to the number of Shares held by the affected applicant(s) and/or affected group(s) of applicant(s) on the Record Date.

For the avoidance of any doubt, the above provision shall not apply to the applications made, whether under the PAL or EAF, by HKSCC Nominees Limited.

Application for listing and eligibility for admission into CCASS

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. The nil-paid and fully-paid Rights Shares are expected to have the same board lot size as the Shares, i.e. 1,000 Shares in one board lot. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty and any other applicable fees and charges in Hong Kong. No new class of securities is to be listed. It is expected that dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 7 June 2022 to Tuesday, 14 June 2022 (both days inclusive) and dealings in the Rights Shares in fully paid form will commence on Tuesday, 28 June 2022.

Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in the nil-paid Rights Shares or the Rights Shares and regarding the Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

For the avoidance of doubt, the Company, the Directors or any other parties involved in the Rights Issue will not be responsible for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, exercising, disposing of or dealings in any rights in relation to the Rights Shares in both their nil-paid and fully-paid form.

THE UNDERWRITING AGREEMENT

On 12 April 2022 (after trading hours of the Stock Exchange), the Company entered into the Underwriting Agreement with the Underwriter. Further details of the Underwriting Agreement are set out below:

- | | | |
|-------------|---|---|
| Date | : | 12 April 2022 (after trading hours of the Stock Exchange), revised and supplemented by the Supplemental Underwriting Agreement and the Second Supplemental Underwriting Agreement on the revision of the timetable for the Rights Issue |
| Underwriter | : | Raffaello Securities (HK) Ltd., a corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes securities brokerage and underwriting and placement of securities. As at the Latest Practicable Date, the Underwriter does not hold any Shares. The Underwriter and its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Independent Third Parties. The Underwriter confirmed that it has complied with Rule 7.19(1)(a) of the Listing Rules. |

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| | | |
|---|---|---|
| Total number of Rights Shares being underwritten by the Underwriter | : | Subject to the terms and conditions of the Underwriting Agreement, the Underwriter has agreed to subscribe for, or procure the subscription for no less than 445,645,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), and up to 465,491,500 Rights Shares, being the maximum number of Rights Shares deducting the Undertaken Shares, assuming no change in the number of Shares in issue on or before the Record Date other than the new Shares that are allotted and issued pursuant to the full exercise of outstanding Share Options |
| Commission | : | 7.07% of the aggregate subscription amount in respect of the Underwritten Shares in the amount ranging from approximately HK\$4.506 million to approximately HK\$4.706 million |

Pursuant to the Underwriting Agreement, the Underwriter undertakes and shall ensure that (i) each of the subscribers of the Underwritten Shares procured by it shall be an Independent Third Party; (ii) none of the subscribers of the Underwritten Shares shall own 10% or more of the total number of Shares in issue immediately upon completion of the Rights Issue; (iii) none of the subscribers, together with any party(ies) acting in concert with it/them, will hold 30% (or such percentage which will trigger any MGO Obligation under the Takeovers Code) or more of the voting rights of the Company upon completion of the Rights Issue; and (iv) the Public Float Requirement remains to be fulfilled by the Company upon completion of the Rights Issue.

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter taking into account of the following:

- (i) existing financial position of the Group;
- (ii) the Rights Issue enables the Company to raise the necessary funds with more certainty as the Underwritten Shares will be fully underwritten by the Underwriter, and the rest of the Rights Shares will be irrevocably undertaken by the relevant Fortune Trust Concert Parties executing the Deeds of Irrevocable Undertaking;
- (iii) the Company has approached four underwriters in total in respect of the Rights Issue (including the Underwriter). Having provided the proposed indicative terms and structure to the approached underwriters, the following responses were received from those underwriters:
 - (a) Two of the approached underwriters did not respond to the Company's proposal;

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- (b) One of the approached underwriters refused to underwrite on a fully underwritten basis for the Company, which, in the opinion of the Board, would be contrary to the Company's core intention for the Rights Issue, that is, to raise the required funds under the Rights Issue with certainty; and
- (c) The Underwriter was the sole candidate which agreed to proceed with the Rights Issue on the proposed indicative terms and structure, and were willing to further negotiate the terms with the Company;
- (iv) even though only the Underwriter was able to meet the parameters, terms, conditions and pricing of the Rights Issue set by the Company, the Directors have undergone negotiations with the Underwriter before the current commission rate was agreed as the commission rate initially proposed by the Underwriter was too high and not agreeable, which is a rate discounted by approximately 25% after negotiations when compared to the commission rate initially proposed.

In view of the above, the Directors consider that the terms of the Underwriting Agreement including the commission rate, are the best available option to the Company and on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Save for the Deeds of Irrevocable Undertaking, none of the Directors has a material interest in the transaction contemplated under the Underwriting Agreement.

The Underwriter may enter into sub-underwriting arrangement with sub-underwriter(s) (if any) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the subscription of the Underwritten Shares with selected subscribers with such authority and rights as the Underwriter have pursuant to its appointment under the Underwriting Agreement.

As at the Latest Practicable Date, the Underwriter has not procured any sub-underwriters and/or subscribers. In case any sub-underwriter(s) will be procured by the Underwriter, the Underwriter will ensure that such sub-underwriter has complied with Rule 7.19(1) of the Listing Rules and shall be Independent Third Party.

Subject to the fulfilment or waiver (where applicable) of all the conditions contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter shall subscribe for or procure the subscription for the Rights Shares pursuant to the terms and conditions of Underwriting Agreement.

Conditions of the Rights Issue and the Underwriting Agreement

The Rights Issue is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (a) the passing of all necessary resolution(s) by the Board of Directors of the Company to approve the Rights Issue;

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- (b) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their attorneys or agents duly authorised in writing) in accordance with Section 342C of the Companies (WUMP) Ordinance as having been approved by resolutions of the directors of the Company (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules, the Companies Ordinance, and the Companies (WUMP) Ordinance not later than the Despatch Date;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Despatch Date;
- (d) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the first day of dealings in the nil-paid Rights Shares (or such other date as may be agreed between the Company and the Underwriter in writing), and such listing and permission not being withdrawn or revoked prior to the Latest Time for Termination;
- (e) each condition to enable the Rights Shares (in their nil-paid and fully-paid forms) to be admitted as eligible securities for deposit, clearance and settlement in CCASS (other than the listing approval) having been satisfied not later than the Business Day prior to the first day of dealings in the nil-paid Rights Shares as set out in the Prospectus and no notification having been received by the Company from HKSCC by such date that such admission or facility for holding and settlement has been or is to be refused;
- (f) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Time for Termination and the current listing of the Shares not having been withdrawn and no indication being received before the Latest Time for Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;
- (g) compliance with and performance by the Company of all undertakings and obligations under the terms of the Underwriting Agreement by the times specified;
- (h) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof prior to the Latest Time for Termination; and

LETTER FROM THE BOARD

- (i) all relevant approvals having been obtained from all relevant governmental authorities (where applicable) as the case may require in connection with the Rights Issue by the relevant time that such consent and approval is required and such approvals not being withdrawn or revoked prior to the Latest Time for Termination.

and the conditions as set out in (a), (b), (c), (d), (e), (f), (h) and (i) (where applicable) are incapable of being waived. In the event of the above conditions not being fulfilled or waived on or before the respective dates specified therefor (or if no time or date is specified, no later than Monday, 20 June 2022, or such later date or dates as may be agreed between the Company and the Underwriter in writing), the Underwriting Agreement may be terminated by the Underwriter, under which all obligations of the Underwriter and the Company thereunder shall cease and determine and no party shall have any claim against any other party in respect of any costs, damages, compensation or otherwise, save for any antecedent breaches, and the Company shall not be liable to pay any underwriting commission.

As at the Latest Practicable Date, condition (a) above has been fulfilled.

Termination of the Underwriting Agreement

Terms in relation to the termination of the Underwriting Agreement are summarised in the section headed “Termination of the Underwriting Agreement” in this Prospectus.

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the Underwriting Agreement does not become unconditional or in the event the Underwriter exercises its rights to terminate the Underwriting Agreement prior to the Latest Time for Termination, then the Rights Issue will not proceed, and all obligation and liabilities of the parties to the Underwriting Agreement will cease and determine and no party will have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breach of any obligation under the Underwriting Agreement). In such an event, the Company will make a further announcement as and when appropriate.

INFORMATION ABOUT THE UNDERWRITER

The Underwriter is a company incorporated in Hong Kong with limited liability and a corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes securities brokerage and underwriting and placement of securities.

As at the Latest Practicable Date, the Underwriter and its ultimate beneficial owners did not hold any Shares. The Underwriter confirmed that (i) the Underwriter and its ultimate beneficial owners are Independent Third Parties; and (ii) it has complied with Rule 7.19(1)(a) of the Listing Rules that it is licensed under the SFO for type 1 regulated activity and its ordinary business includes underwriting of securities.

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EFFECTS OF THE RIGHTS ISSUE ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structures of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full; and (iii) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Fortune Trust Concert Parties pursuant to the Deeds of Irrevocable Undertaking) have taken up any entitlements of the Rights Shares:

- (a) assuming no outstanding Share Options being exercised and there is no other change in the shareholding structure of the Company before completion of the Rights Issue (“**Scenario I**”):

| Shareholders | As at the Latest Practicable Date | | After completion of the Rights Issue – assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full | | Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Fortune Trust Concert Parties pursuant to the Irrevocable Undertaking) has taken up any entitlements of the Rights Shares (Notes 3, 4) | |
|---|-----------------------------------|----------------|--|----------------|--|----------------|
| | No. of Shares | Approximate % | No. of Shares | Approximate % | No. of Shares | Approximate % |
| Newgate (PTC) Limited as trustee of The Fortune Trust created by Mr. CHONG Heung Chung Jason, with Mr. CHONG Heung Chung Jason, Ms. LEE Sui Fong Fiona and their family members being the beneficiaries of The Fortune Trust (Note 1) | 290,752,000 | 24.60% | 436,128,000 | 24.60% | 436,128,000 | 24.60% |
| Bright Rise Enterprises Limited (Note 1a) | 177,056,000 | 14.98% | 265,584,000 | 14.98% | 265,584,000 | 14.98% |
| Fortress Strength Limited (Note 1b) | 26,187,000 | 2.22% | 39,280,500 | 2.22% | 39,280,500 | 2.22% |
| Dragon Year Group Limited (Note 1c) | 50,280,000 | 4.25% | 75,420,000 | 4.25% | 75,420,000 | 4.25% |
| Mr. Shinichiro IKEDA (Note 1c) | 12,000,000 | 1.02% | 18,000,000 | 1.02% | 18,000,000 | 1.02% |
| Bonville Glory Limited (Note 1d) | 12,900,000 | 1.09% | 19,350,000 | 1.09% | 19,350,000 | 1.09% |
| East Jumbo Development Limited (Note 1e) | 12,329,000 | 1.04% | 18,493,500 | 1.04% | 18,493,500 | 1.04% |
| The Underwriter (Note 2) | – | – | – | – | 445,645,000 | 25.13% |
| Other public Shareholders | 891,290,000 | 75.40% | 1,336,935,000 | 75.40% | 891,290,000 | 50.27% |
| Total: | 1,182,042,000 | 100.00% | 1,773,063,000 | 100.00% | 1,773,063,000 | 100.00% |

LETTER FROM THE BOARD

Notes:

- (1) Pursuant to the concert party agreement, the concert parties have agreed with certain arrangements pertaining to their shareholdings. Further information on the terms and conditions of the concert party agreement is set forth in the section headed “Controlling Shareholders and Substantial Shareholders – Summary of Concert Party Agreement” in the prospectus of the Company. Newgate (PTC) Limited is the sole shareholder of Bright Rise Enterprises Limited and it holds all the shares of Bright Rise Enterprises Limited in its capacity as the trustee of the Fortune Trust created by Mr. CHONG Heung Chung Jason in the Cayman Islands. The beneficiaries of the Fortune Trust currently include Mr. CHONG Heung Chung Jason, Ms. LEE Sui Fong Fiona and their family members. For the Fortune Trust, in terms of disclosure of interest, under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, it holds in total 290,752,000 Shares in the Company. Mr. CHONG Heung Chung Jason is the founder of the Fortune Trust, a discretionary trust who can influence how the trustee exercises his discretion. The shareholding above comprised the following concert parties and their respective beneficial owners as follows:
 - (a) Mr. CHONG Heung Chung Jason is the sole legal and beneficial owner of all issued shares of Bright Rise Enterprises Limited, which is the registered and beneficial owner of 177,056,000 Shares. Mr. CHONG Heung Chung Jason is the spouse of Ms. LEE Sui Fong Fiona and he is deemed to be interested in the Shares interested by Ms. LEE Sui Fong Fiona under the SFO;
 - (b) Ms. LEE Sui Fong Fiona is the sole legal and beneficial owner of all issued shares of Fortress Strength Limited which is the registered and beneficial owner of 26,187,000 Shares. Ms. LEE Sui Fong Fiona is the spouse of Mr. CHONG Heung Chung Jason and she is deemed to be interested in the Shares interested by Mr. CHONG Heung Chung Jason under the SFO;
 - (c) Mr. Shinichiro IKEDA is the sole legal and beneficial owner of all issued shares of Dragon Year Group Limited which is the beneficial owner of 50,280,000 Shares. Furthermore, Mr. Shinichiro IKEDA personally holds 12,000,000 Shares in the Company;
 - (d) Mr. TING Ka Fai Jeffrey is the sole legal and beneficial owner of all issued shares of Bonville Glory Limited which is the registered and beneficial owner of 12,900,000 Shares; and
 - (e) Ms. OR Den Fung Bonnie is the sole legal and beneficial owner of all issued shares of East Jumbo Development Limited which is the registered and beneficial owner of 12,329,000 Shares.
- (2) The Underwriter and its ultimate beneficial owners are Independent Third Parties.
- (3) This scenario is for illustrative purpose only. Pursuant to the Underwriting Agreement, the Underwriter undertakes and shall ensure that (i) each of the subscribers of the Underwritten Shares procured by it shall be an Independent Third Party; (ii) none of the subscribers of the Underwritten Shares shall own 10% or more of the total number of Shares in issue immediately upon completion of the Rights Issue; (iii) none of the subscribers, together with any party(ies) acting in concert with it/them, will hold 30% (or such percentage which will trigger any MGO Obligation under the Takeovers Code) or more of the voting rights of the Company upon completion of the Rights Issue; and (iv) the Public Float Requirement remains to be fulfilled by the Company upon completion of the Rights Issue.
- (4) The Underwriter will underwrite on a fully underwritten basis, in any event and notwithstanding any provisions herein, it will not underwrite to the extent, together with any party acting in concert (within the meaning of the Takeovers Code) or its associates, hold thirty per cent (30.0%) or more of the voting rights of the Company immediately upon completion of the Rights Issue.

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- (b) assuming all the outstanding Share Options being exercised on or before the Record Date and there is no other change in the shareholding structure of the Company before completion of the Rights Issue (“**Scenario II**”):

| Shareholders | As at the Latest Practicable Date | | After completion of the Rights Issue – assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full | | Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Fortune Trust Concert Parties pursuant to the Irrevocable Undertaking) has taken up any entitlements of the Rights Shares (Notes 3, 4) | |
|--|--------------------------------------|----------------|--|----------------|---|----------------|
| | No. of Shares | Approximate % | No. of Shares | Approximate % | No. of Shares | Approximate % |
| Newgate (PTC) Limited as trustee of The Fortune Trust created by Mr. CHONG Heung Chung Jason, with Mr. CHONG Heung Chung Jason, Ms. LEE Sui Fong Fiona and their family members being the beneficiaries of The Fortune Trust (Note 1) | 293,969,000 | 24.00% | 440,953,500 | 24.00% | 440,953,500 | 24.00% |
| Bright Rise Enterprises Limited (Note 1a) | 177,056,000 | 14.45% | 265,584,000 | 14.45% | 265,584,000 | 14.45% |
| Fortress Strength Limited (Note 1b) | 26,187,000 | 2.14% | 39,280,500 | 2.14% | 39,280,500 | 2.14% |
| Dragon Year Group Limited (Note 1c) | 50,280,000 | 4.11% | 75,420,000 | 4.11% | 75,420,000 | 4.11% |
| Mr. Shinichiro IKEDA (Note 1c) | 12,000,000 | 0.98% | 18,000,000 | 0.98% | 18,000,000 | 0.98% |
| Bonville Glory Limited (Note 1d) | 12,900,000 | 1.05% | 19,350,000 | 1.05% | 19,350,000 | 1.05% |
| Mr. TING Ka Fai Jeffrey (Note 1d) | 3,217,000 | 0.26% | 4,825,500 | 0.26% | 4,825,500 | 0.26% |
| East Jumbo Development Limited (Note 1e) | 12,329,000 | 1.01% | 18,493,500 | 1.01% | 18,493,500 | 1.01% |
| The Underwriter (Note 2) | – | – | – | – | 465,491,500 | 25.33% |
| Other public Shareholders | 930,983,000 | 76.00% | 1,396,474,500 | 76.00% | 930,983,000 | 50.67% |
| Total: | <u>1,224,952,000</u> | <u>100.00%</u> | <u>1,837,428,000</u> | <u>100.00%</u> | <u>1,837,428,000</u> | <u>100.00%</u> |

Notes:

- (1) Pursuant to the concert party agreement, the concert parties have agreed with certain arrangements pertaining to their shareholdings. Further information on the terms and conditions of the concert party agreement is set forth in the section headed “Controlling Shareholders and Substantial Shareholders – Summary of Concert Party Agreement” in the prospectus of the Company. Newgate (PTC) Limited is the sole shareholder of Bright Rise Enterprises Limited and it holds all the shares of Bright Rise Enterprises Limited in its capacity as the trustee of the Fortune Trust created by Mr. CHONG Heung Chung Jason

LETTER FROM THE BOARD

in the Cayman Islands. The beneficiaries of the Fortune Trust currently include Mr. CHONG Heung Chung Jason, Ms. LEE Sui Fong Fiona and their family members. For the Fortune Trust, in terms of disclosure of interest, under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, it holds in total 293,969,000 Shares in the Company. Mr. CHONG Heung Chung Jason is the founder of the Fortune Trust, a discretionary trust who can influence how the trustee exercises his discretion. The shareholding above comprised the following concert parties and their respective beneficial owners as follows:

- (a) Mr. CHONG Heung Chung Jason is the sole legal and beneficial owner of all issued shares of Bright Rise Enterprises Limited, which is the registered and beneficial owner of 177,056,000 Shares. Mr. CHONG Heung Chung Jason is the spouse of Ms. LEE Sui Fong Fiona and he is deemed to be interested in the Shares interested by Ms. LEE Sui Fong Fiona under the SFO;
 - (b) Ms. LEE Sui Fong Fiona is the sole legal and beneficial owner of all issued shares of Fortress Strength Limited, which is the registered and beneficial owner of 26,187,000 Shares. Ms. LEE Sui Fong Fiona is the spouse of Mr. CHONG Heung Chung Jason and she is deemed to be interested in our Shares interested by Mr. CHONG Heung Chung Jason under the SFO;
 - (c) Mr. Shinichiro IKEDA is the sole legal and beneficial owner of all issued shares of Dragon Year Group Limited, which is the beneficial owner of 50,280,000 Shares. Furthermore, Mr. Shinichiro IKEDA personally holds 12,000,000 Shares in the Company;
 - (d) Mr. TING Ka Fai Jeffrey is the sole legal and beneficial owner of all issued shares of Bonville Glory Limited, which is the registered and beneficial owner of 12,900,000 Shares. Furthermore, Mr. TING Ka Fai Jeffrey personally holds 3,217,000 Shares in the Company; and
 - (e) Ms. OR Den Fung Bonnie is the sole legal and beneficial owner of all issued shares of East Jumbo Development Limited, which is the registered and beneficial owner of 12,329,000 Shares.
- (2) The Underwriter and its ultimate beneficial owners are Independent Third Parties.
- (3) This scenario is for illustrative purpose only. Pursuant to the Underwriting Agreement, the Underwriter undertakes and shall ensure that (i) each of the subscribers of the Underwritten Shares procured by it shall be an Independent Third Party; (ii) none of the subscribers of the Underwritten Shares shall own 10% or more of the total number of Shares in issue immediately upon completion of the Rights Issue; (iii) none of the subscribers, together with any party(ies) acting in concert with it/them, will hold 30% (or such percentage which will trigger any MGO Obligation under the Takeovers Code) or more of the voting rights of the Company upon completion of the Rights Issue; and (iv) the Public Float Requirement remains to be fulfilled by the Company upon completion of the Rights Issue.
- (4) The Underwriter will underwrite on a fully underwritten basis, in any event and notwithstanding any provisions herein, it will not underwrite to the extent, together with any party acting in concert (within the meaning of the Takeovers Code) or its associates, hold thirty per cent (30.0%) or more of the voting rights of the Company immediately upon completion of the Rights Issue.

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Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

Certain figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

As illustrated in the tables above, immediately after completion of the Rights Issue, the shareholding interest of the existing Shareholders (excluding the Fortune Trust Concert Parties) will be diluted from:

- (i) approximately 75.40% as at the Latest Practicable Date to approximately 50.27% under Scenario I; and
- (ii) approximately 76.00% as at the Latest Practicable Date to approximately 50.67% under Scenario II.

The possible maximum dilution to the shareholdings of the existing Shareholders (excluding the Fortune Trust Concert Parties) if they elect not to subscribe for the Rights Shares under the Rights Issue will be approximately 25.13% under Scenario I and approximately 25.33% under Scenario II.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is an investment holding company. The Group is a multimedia animation entertainment group in China, engaged in the business of sales of animation-derived products featuring a wide range of popular third-party owned animation characters, including general plastic toys and food-grade toys. The Group also offers relevant value-added services, including quality control and advice on product design to customers in accordance with their requests.

The gross proceeds from the Rights Issue will be (i) approximately HK\$84.52 million (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$87.58 million (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options). The net proceeds from the Rights Issue after deducting the expenses are estimated to be (i) approximately HK\$79.32 million (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$82.38 million (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options). The estimated expenses of the Rights Issue are approximately HK\$5.20 million, which include underwriting commission and professional fees payable to the financial advisers, legal advisers, financial printer and other parties involved in the Rights Issue and will be borne by the Company. The net subscription price per Rights Share is expected to be approximately HK\$0.134 (assuming no change in the number of Shares in issue on or before the Record Date) and approximately HK\$0.135 (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options).

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The Company intends to use the net proceeds from the Rights Issue for the following purposes:

- (i) approximately 75% (being approximately HK\$59.49 million (or HK\$61.79 million (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options)) for settlement of the Group's indebtedness;
- (ii) approximately 12% (being approximately HK\$10.14 million (or HK\$10.51 million (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options)) as general working capital of the Group, including but not limited to its daily operational expenses for rent and its staff;
- (iii) approximately 10% (being approximately HK\$7.93 million (or HK\$8.24 million (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options)) for settlement of the outstanding fees of professional parties, including but not limited to those payable to legal advisor(s) and financial advisor(s) in connection with the Company's transactions and compliance matters taken place prior to the Rights Issue; and
- (iv) approximately 3% (being approximately HK\$2.54 million (or HK\$2.63 million (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options)) for financing potential investment opportunities as may be identified from time to time and such research and development expenses of the Group to be incurred thereunder.

The Company considers that the above use of proceeds is:

- (i) necessary for business operation and development of the Group; and
- (ii) important to the Group owing to its financial urgency with the Group's indebtedness in the amount of approximately HK\$147.95 million has become due in March 2022 (the "**Due Indebtedness**"), as compared to the bank and cash balances of the Group amounted to approximately HK\$19.15 million as at 31 March 2022, it reflects that the Group has insufficient internal financial resources to cater for the settlement of the Due Indebtedness as set out above, and thus the imminent funding needs.

In respect of such Due Indebtedness, the Company has proactively negotiated with the relevant creditors for an extension of repayment period, and as a result, extension for repayment has been obtained from the relevant creditors. After the aforesaid negotiations, approximately HK\$93.55 million out of the Due Indebtedness will become due in September 2022 (with six-month extension granted by the relevant creditors); and the remaining amount of the Due Indebtedness will become due in March 2023 (with twelve-month extension granted by the other relevant creditors).

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The gearing ratio of the Group as at 31 March 2021 was approximately 31.4%.

The Company currently intends to seek further funding in order to settle the Due Indebtedness set out above, but so far there is no concrete plan as to the fundraising method to be implemented. Further announcement(s) will be made by the Company with regards to any potential fundraising activities as and when appropriate and in accordance with the Listing Rules.

Moreover, with respect to the potential investment opportunities referred above as part of the intended use of proceeds, no negotiation has been commenced, and no agreement, arrangement, understanding or undertaking, whether formal or informal and whether express or implied, has been entered into or contemplated as at the Latest Practicable Date.

The Board has considered various ways of raising funds and believe that the Rights Issue is the most efficient way in terms of time and costs for the Company. The Board considers it is prudent to finance the Group's long-term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs. The Board has considered other fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer.

As for debt financing, the Board has attempted to obtain loan financing from its principal bankers, and was acknowledged that due to the inherent nature of the Company as an investment company, it is not feasible for the Company to obtain loan facilities in favourable terms and conditions in a timely manner. Debt financing will also result in additional interest burden, higher gearing ratio of the Group, and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms expediently as it may be subject to lengthy due diligence and negotiations with financial institutions, it may as well require pledge of assets and/or other kind of securities which may reduce the Group's flexibility in managing its portfolio. On the above considerations, the Board considers that it is not commercially feasible for the Company to obtain further debt financing.

As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company.

As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

On the other hand, the Board considers that the Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to (a) maintain; (b) increase their respective shareholding interests in the Company by acquiring additional rights entitlement in the open market (subject to the

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availability) and through excess applications; or (c) decrease their respective shareholding interests in the Company by disposing of their rights entitlements in the open market (subject to the market demand).

In the meantime, the Company can take this opportunity to broaden the capital structure of the Company by the Rights Issue and to enhance its financial position, lowering its gearing ratio, without increasing its debt or finance costs. The proceeds from the Rights Issue will replenish the Company's financial resources and strengthen its financial position. Accordingly, the Directors (including the independent non-executive Directors) consider that the Rights Issue will enable the Group to strengthen its competitiveness.

POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

As at the Latest Practicable Date, there are 42,910,000 outstanding Share Options granted by the Company, which are exercisable into 42,910,000 Shares. Pursuant to the terms of the Share Option Scheme, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Scheme. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

Save for the foregoing, as at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

FUND RAISING ACTIVITIES BY THE COMPANY DURING THE PAST 12 MONTHS

The Company did not raise any funds by issue of equity securities during the 12 months immediately preceding the Latest Practicable Date.

As at the Latest Practicable Date, save for the Rights Issue, there is no agreement, arrangement, understanding, intention, negotiation (concluded or otherwise) for any fund-raising activity for the Group in the coming 12 months; and the Company has no intention to carry out any other corporate actions or arrangements that may affect the trading in the Shares (including share consolidation, share subdivision and change in board lot size) in the coming 12 months.

LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of the Announcement, and the Rights Issue will not increase the issued share capital of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders at a general meeting pursuant to Rule 7.19A of the Listing Rules.

LETTER FROM THE BOARD

Rule A.3(a)(i) of the Model Code provides that a director must not deal in any securities of the listed issuer on any day on which its financial results are published and during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results, unless the circumstances are exceptional.

In light of (i) the implications under the Deeds of Irrevocable Undertaking, which would be executed by the Fortune Trust Concert Parties, including amongst others, Bright Rise (wholly-owned by Mr. CHONG, an executive Director), Fortress Strength (wholly-owned by Ms. LEE Sui Fong Fiona, spouse of Mr. CHONG), Bonville Glory (wholly-owned by Mr. TING, an executive Director) and Mr. TING; and (ii) the blackout period applicable to the Directors (and their respective spouses pursuant to Rule A.6 of the Model Code) in relation to the publication of the Annual Results will commence by the latest on 29 April 2022, which will last till the date of publication of the Annual Results, the signatories to the Deeds of Irrevocable Undertaking have undertaken specifically not to apply, subscribe for or take up any excess shares in the Rights Issue, apart from those allotted in accordance with the shareholding of each of the Fortune Trust Concert Party.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section above headed "Termination of the Underwriting Agreement"). Accordingly, the Rights Issue may or may not proceed.

The Shares has been dealt in on an ex-rights basis from Tuesday, 3 May 2022. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 7 June 2022 to Tuesday, 14 June 2022 (both days inclusive).

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

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| LETTER FROM THE BOARD |
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ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

Yours faithfully,
For and on behalf of the Board
CA Cultural Technology Group Limited
CHONG Heung Chung Jason
Chairman and Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group, together with the accompanying notes, for each of the three years ended 31 March 2019, 2020 and 2021 are disclosed in the annual reports of the Group for the years ended 31 March 2019 (pages 52 to 152), 31 March 2020 (pages 55 to 143), and 31 March 2021 (pages 56 to 159), and the interim report of the Group for the six months ended 30 September 2021 (pages 3 to 25) respectively. The above said published annual reports and the interim report of the Group are available on the Company's website at <https://www.animatechina.com/en/> and the website of the Stock Exchange at www.hkexnews.hk through the links below:

2021 interim report

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1228/2021122800595.pdf>

2021 annual report

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0729/2021072900847.pdf>

2020 annual report

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0830/2020083000105.pdf>

2019 annual report

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0729/lt20190729789.pdf>

2. STATEMENT OF INDEBTEDNESS

As at 30 April 2022, being the latest practicable date prior to the printing of this prospectus and for the purpose of ascertaining the information contained in this statement of indebtedness, the Group had outstanding indebtedness as follows:

| | <i>Notes</i> | As at 30 April 2022 <i>HK\$'000</i> |
|-----------------------------|--------------|---|
| Unsecured lease liabilities | <i>i</i> | 111,459 |
| Secured lease liabilities | <i>ii</i> | 5,157 |
| Secured bank borrowings | <i>iii</i> | 32,493 |
| Unsecured bank borrowings | <i>iv</i> | 61,018 |
| Secured other borrowings | <i>v</i> | 72,095 |
| Unsecured other borrowings | <i>vi</i> | 48,735 |
| Unsecured bonds | <i>vii</i> | 387,811 |
| Secured interest payable | <i>viii</i> | 2,341 |
| Unsecured interest payable | <i>ix</i> | 34,347 |
| Unsecured other payable | <i>x</i> | 71,224 |
| | | <hr/> |
| | | 826,680 |
| | | <hr/> |

Notes:

- (i) The lease liabilities are unguaranteed.
- (ii) The lease liabilities are unguaranteed and secured by pledge over certain property, plant and equipment of the Group.
- (iii) The bank borrowings with aggregate principal amount of approximately HK\$32,493,000, which carry interest rate in the range from approximately 1.28% to 4.36% per annum, are (1) guaranteed by Mr. CHONG Heung Chung Jason (the chairman of the Company and an executive Director) and his spouse; and (2) secured by properties jointly owned by Mr. CHONG Heung Chung Jason (the chairman of the Company and an executive Director) and his spouse.
- (iv) The bank borrowings with aggregate principal amount of approximately HK\$61,018,000, which carry interest rate in the range from approximately 0.20% to 2.75% per annum, are unsecured and unguaranteed.
- (v) Included in the secured other borrowings of (1) approximately HK\$60,000,000, which carry interest rate in the range from approximately 8.00% to 10.00% per annum, are secured by the Company's shares held by Bright Rise Enterprises Limited (wholly-owned by Mr. CHONG Heung Ching Jason, the chairman of the Company and an executive Director, "**Bright Rise**"), out of which approximately HK\$20,000,000 is also personally guaranteed by Mr. CHONG Heung Chung Jason (the chairman of the Company and an executive Director) and the remaining HK\$40,000,000 is guaranteed by Bright Rise), and (2) approximately HK\$12,095,000, which carry interest rate at approximately 1.92%, are unguaranteed and secured by long-term rental deposits.
- (vi) The other borrowings with aggregate principal amount of (1) approximately HK\$47,735,000, which carry interest rate in the range from 1.50% to 8.50% per annum, are unsecured and unguaranteed, and (2) the remaining HK\$1,000,000, which carry interest rate at 12.00% per annum, is unsecured and personally guaranteed by Mr. CHONG Heung Chung Jason (the chairman of the Company and an executive Director).
- (vii) The bond payable is unsecured and unguaranteed.
- (viii) The secured interest payable with respect to certain secured other borrowings of the Group disclosed above is secured by the Company's shares held by Bright Rise and guaranteed by Bright Rise.
- (ix) The interest payable is unguaranteed.
- (x) The other payable is unguaranteed.

Save as aforesaid or as otherwise disclosed herein and apart from intra-group liabilities and normal trade and other payables, the Group did not have any loan capital issued or agreed to be issued, debt securities issued and outstanding, authorised or otherwise created but unissued, bank overdrafts or loans or term loans, other borrowings or other similar indebtedness, liabilities under acceptances, acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or contingent liabilities.

To the best knowledge of the Directors, having made all reasonable enquiries, there has not been any material change in the indebtedness, contingent liabilities and commitments of the Group since 30 April 2022 and up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that in the absence of unforeseeable circumstances, taking into account the financial resources available to the Group and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its present requirements for at least the next twelve months following the date of this Prospectus.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 March 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

During 2021, both the global business environment and the Group continued to be affected by the COVID-19 pandemic. The Group continued to implement preventive and control measures against its outbreak so as to minimise the impact arising therefrom and to continue to increase revenue.

Looking forward for the financial year commencing from 1 April 2022, with easing of the government anti-COVID-19 measures and the rapid roll out of mass vaccination on going currently, we are cautiously optimistic that the performance of the Group will rebound in 2022. The Directors will closely monitor the situation and evaluate the potential impact on our operations and financial position on a continuing basis.

Furthermore, the Group will continue its prudent and flexible approach and be prepared to capture the development opportunities as soon as the economy is on track for a recovery.

In respect of the prospects on Group's businesses, with the easing of anti-gathering and anti-travelling measures owing to COVID-19, it is expected that the business performance in connection to the business segment of indoor theme park will improve, in light of the following anticipated development:

1. application of virtual reality (digital-real) elements to launch O2O amusement park, to enhance interaction with visitors and explore more business opportunities from its derivatives, such as e-shopping/e-games (based on membership), earn-to-play center, token scheme, pop toy and other derivative products;
2. synergy with other intellectual property to promote themed events or amusement facilities; and
3. expand and manipulate the indoor theme park business via licensing cooperation.

For the multimedia entertainment business, owing to the continuous enrichment of animation resources on intellectual property and the obtaining of intellectual property right of a well-renowned online game, it is expected that the same will sustain steady growth and boost the Group's overall performance as well.

As at the Latest Practicable Date, save for the Rights Issue, there is no agreement, arrangement, understanding, intention, negotiation (concluded or otherwise) for any fund-raising activity for the Group in the coming 12 months; and the Company has no intention to carry out any other corporate actions or arrangements that may affect the trading in the Shares (including share consolidation, share subdivision and change in board lot size) in the coming 12 months.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATIONA. UNAUDITED PRO FORMA STATEMENT OF CONSOLIDATED NET TANGIBLE
ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had taken place on 30 September 2021.

The Unaudited Pro Forma Financial Information is prepared for illustrative purposes only based on the judgements and assumptions of the Directors of the Company, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company; and the Unaudited Pro Forma Financial Information of the Group is prepared by the director based on the unaudited consolidated net tangible assets of the Group as at 30 September 2021, extracted from the published interim report of the Group for the six months ended 30 September 2021, with adjustments described below.

| | Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2021 HK\$'000 (Note 1) | Estimated net proceeds from the Rights Issue HK\$'000 (Note 2) | Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after the completion of the Rights Issue HK\$'000 (Note 3) | Unaudited consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 30 September 2021 HK\$ (Note 3) | Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share after the completion of the Rights Issue HK\$ (Note 4) |
|--|---|---|--|--|---|
| Based on 591,021,000 Rights Shares at a Subscription Price of HK\$0.143 per Rights Share | 1,169,818 | 79,316 | 1,249,134 | 1.09 | 0.70 |
| Based on 612,476,000 Rights Shares at a Subscription Price of HK\$0.143 per Rights Share | 1,169,818 | 82,384 | 1,252,202 | 1.09 | 0.68 |

Notes:

1. Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2021 is calculated based on the unaudited consolidated net assets of approximately HK\$1,413,777,000 as extracted from the published interim report of the Company for the six months ended 30 September 2021 after deducting goodwill of approximately HK\$2,425,000 and intangible assets of approximately HK\$241,534,000.

2. The estimated net proceeds of approximately HK\$79,316,000 from the Rights Issue are based on the 591,021,000 Rights Shares to be issued at a Subscription Price of HK\$0.143 per Rights Share after deduction of the estimated related expenses, including among others, estimated underwriting commission and other professional fees, which are directly attributable to the Rights Issue, of approximately HK\$5.2 million.

The estimated net proceeds of approximately HK\$82,384,000 from the Rights Issue are based on the 612,476,000 Rights Shares to be issued at a Subscription Price of HK\$0.143 per Rights Share after deduction of the estimated related expenses, including among others, estimated underwriting commission and other professional fees, which are directly attributable to the Rights Issue, of approximately HK\$5.2 million.

3. The calculation of unaudited consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 30 September 2021 is based on the unaudited consolidated net tangible assets as at 30 September 2021 and the number of Shares of 1,071,702,000 as at 30 September 2021.

4. The calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share after the completion of the Rights Issue of approximately HK\$0.70 is based on 1,773,063,000 Shares which comprise 1,182,042,000 Shares in issue as the Latest Practicable Date and 591,021,000 Rights Shares to be issued.

The calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share after the completion of the Rights Issue of approximately HK\$0.68 is based on 1,837,428,000 Shares which comprise 1,182,042,000 Shares in issue as the Latest Practicable Date, 42,910,000 Shares from the exercise of all Vested Share Options, and 612,476,000 Rights Shares to be issued.

5. Save as disclosed above, no adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2021.

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountant, KTC PARTNERS CPA Limited, Certified Public Accountants, Hong Kong.

B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION



2 June 2022

The Board of Directors
CA Cultural Technology Group Limited
Suite 2905, 29/F China Resources Building,
26 Harbour Road, Wanchai,
Hong Kong

Dear Sirs,

Independent Reporting Accountants' Assurance Report on the Compilation of Unaudited Pro Forma Financial Information

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of CA Cultural Technology Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") by the directors of the Company (the "**Director**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2021 and notes as set out in Appendix II to the prospectus issued by the Company dated 2 June 2022 (the "**Prospectus**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Appendix II to the Prospectus. Capitalised terms used herein shall have the same meanings as those defined in the Prospectus unless otherwise specified.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the rights issue of 591,021,000 shares (assuming no change in the number of Shares in issue on or before the Record Date) and 612,476,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options) on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.143 per Rights Share (the "**Rights Issue**") on the Group's financial position as at 30 September 2021 as if the Rights Issue had taken place at 30 September 2021. As part of this process, information

about the Group's unaudited consolidated net tangible assets of the Group attributable to the owners of the Company has been extracted by the Directors from the Group's unaudited consolidated statement of financial position as at 30 September 2021, on which an unaudited interim report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" (the "**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at 30 September 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

KTC Partners CPA Limited

Certified Public Accountants (Practising)

CHOW Yiu Wah, Joseph

Practising Certificate Number: P04686

Hong Kong, 2 June 2022

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue (assuming all Rights Shares are subscribed by the Qualifying Shareholders and there is no change in the issued share capital of the Company, on or before the Record Date) are as follows:

(A) Authorised Share Capital:

5,000,000,000 Shares (as at the Latest Practicable Date)

(with Shares of HK\$0.1 each and share capital of HK\$500,000,000)

(B) Issued and fully paid or credited as fully paid:

1,182,042,000 Shares (as at the Latest Practicable Date)

(with Shares of HK\$0.1 each and share capital of HK\$118,204,200)

(C) Rights Shares to be issued upon completion of the Rights Issue:

591,021,000 Rights Shares (assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date)

(with Shares of HK\$0.1 each and share capital of HK\$59,102,100)

612,476,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the outstanding Share Options and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

(with Shares of HK\$0.1 each and share capital of HK\$61,247,600)

(D) Issued share capital upon completion of the Rights Issue:

| | |
|----------------------|--|
| 1,773,063,000 Shares | (assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date) |
|----------------------|--|

(with Shares of HK\$0.1 each and share capital of HK\$177,306,300)

| | |
|----------------------|--|
| 1,837,428,000 Shares | (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the outstanding Share Options and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue) |
|----------------------|--|

(with Shares of HK\$0.1 each and share capital of HK\$183,742,800)

All the existing Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital. All of the Rights Shares to be issued will rank *pari passu* in all respect with each other, including, in particular, as to dividends, voting rights and capital, and once issued and fully paid, with all the Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No Share or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived. The Company has no outstanding convertible securities, options or warrants, which confer any right to subscribe for or convert or exchange into the Shares.

3. SHARE OPTION SCHEME

As at the Latest Practicable Date, there are 42,910,000 outstanding Share Options granted by the Company, which are exercisable into 42,910,000 Shares pursuant to the terms of the Share Option Scheme. Save for the foregoing, as at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

4. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in shares and underlying shares

Save as disclosed below, as the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Code of Practice for Securities Transactions by Directors and Designated Employees adopted by the Company ("**Securities Code**") on terms no less exacting than the required standard set out in the Model Code, to be notified to the Company and the Stock Exchange.

Long positions in the Shares

| Name of Directors | Capacity/nature of interest | Name of the controlled corporations | Number of shares | Approximate percentage of shares in issue |
|---|---|-------------------------------------|------------------|---|
| CHONG Heung Chung Jason ("Mr. CHONG") | Interest of controlled corporation (<i>Note 2</i>) | Bright Rise Enterprises Limited | 177,056,000 (L) | 14.98% |
| | Interest in persons acting in concert (<i>Note 1</i>) | – | 290,752,000 (L) | 24.60% |
| | Spouse interest (<i>Note 3</i>) | – | 290,752,000 (L) | 24.60% |
| TING Ka Fai Jeffrey ("Mr. TING") | Interest of controlled corporation (<i>Note 4</i>) | Bonville Glory Limited | 12,900,000 (L) | 1.09% |
| | Interest in persons acting in concert (<i>Note 1</i>) | – | 290,752,000 (L) | 24.60% |

Save as disclosed above, as the Latest Practicable Date, none of the Directors or chief executive or their respective associates had any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders' interest

Save as disclosed below, as at the Latest Practicable Date, so far as it is known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or individuals who had 5% or more interests in the following long positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept under Section 336 of the SFO ("**Register of Shareholders**") or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company ("**Voting Entitlements**") (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

Long positions in the Shares

| | Name of Shareholders | Capacity | Number of shares | Shareholding percentage of shares in issue (%) |
|---------------|---|---|------------------|--|
| Long position | Newgate (PTC) Limited as trustee of The Fortune Trust created by Mr. CHONG | Interest in a controlled corporation (<i>Note 2</i>) | 290,752,000 | 24.60 |
| | Heung Chung Jason, with Mr. CHONG Heung Chung Jason, Ms. LEE Sui Fong Fiona and their family members being the beneficiaries of The Fortune Trust | Interest in persons acting in concert (<i>Note 1</i>) | 290,752,000 | 24.60 |
| | Bright Rise Enterprises Limited | Beneficial owner (<i>Note 2</i>) | 177,056,000 | 14.98 |
| | | Interest in persons acting in concert (<i>Note 1</i>) | 290,752,000 | 24.60 |
| | Fortress Strength Limited | Beneficial owner (<i>Note 3</i>) | 26,187,000 | 2.22 |
| | | Interest in persons acting in concert (<i>Note 1</i>) | 290,752,000 | 24.60 |

| | | Number of shares | Shareholding percentage of shares in issue (%) |
|-----------------------------------|--|---------------------|--|
| Name of Shareholders | Capacity | | |
| Dragon Year Group Limited | Beneficial owner (Note 4) | 50,280,000 | 4.25 |
| | Interest in persons acting in concert (Note 1) | 290,752,000 | 24.60 |
| Mr. Shinichiro IKEDA | Personal interest | 12,000,000 | 1.02 |
| | Interest in persons acting in concert (Note 1) | 290,752,000 | 24.60 |
| Bonville Glory Limited | Beneficial owner (Note 5) | 12,900,000 | 1.09 |
| | Interest in persons acting in concert (Note 1) | 290,752,000 | 24.60 |
| East Jumbo Development Limited | Beneficial owner (Note 6) | 12,329,000 | 1.04 |
| | Interest in persons acting in concert (Note 1) | 290,752,000 | 24.60 |
| Short position | Nil | Nil | Nil |

Notes:

- Pursuant to the concert party agreement, the concert parties have agreed with certain arrangements pertaining to their shareholdings. Further information on the terms and conditions of the concert party agreement is set forth in the section headed “Controlling Shareholders and Substantial Shareholders – Summary of Concert Party Agreement” in the prospectus of the Company. Newgate (PTC) Limited is the sole shareholder of Bright Rise Enterprises Limited and it holds all the shares of Bright Rise Enterprises Limited in its capacity as the trustee of the Fortune Trust created by Mr. CHONG in the Cayman Islands. The beneficiaries of the Fortune Trust currently include Mr. CHONG, Ms. LEE Sui Fong Fiona and their family members. For the Fortune Trust, in terms of disclosure of interest, under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, it holds in total 290,752,000 Shares in the Company (comprised of the aggregate shareholding hereinbelow from Note 2 to Note 6). Mr. CHONG is the founder of the Fortune Trust, a discretionary trust who can influence how the trustee exercises his discretion.

2. Mr. CHONG Heung Chung Jason is the sole legal and beneficial owner of all issued shares of Bright Rise Enterprises Limited, which is the registered and beneficial owner of 177,056,000 Shares. Mr. CHONG Heung Chung Jason is the spouse of Ms. LEE Sui Fong Fiona and he is deemed to be interested in the Shares interested by Ms. LEE Sui Fong Fiona under the SFO.
3. Ms. LEE Sui Fong Fiona is the sole legal and beneficial owner of all issued shares of Fortress Strength Limited which is the registered and beneficial owner of 26,187,000 Shares. Ms. LEE Sui Fong Fiona is also the spouse of Mr. CHONG Heung Chung Jason and she is deemed to be interested in the Shares interested by Mr. CHONG Heung Chung Jason under the SFO.
4. Mr. Shinichiro IKEDA is the sole legal and beneficial owner of all issued shares of Dragon Year Group Limited which is the beneficial owner of 50,280,000 Shares. Furthermore, Mr. Shinichiro IKEDA personally holds 12,000,000 Shares in the Company.
5. Mr. TING Ka Fai Jeffrey is the sole legal and beneficial owner of all issued shares of Bonville Glory Limited which is the registered and beneficial owner of 12,900,000 Shares.
6. Ms. OR Den Fung Bonnie is the sole legal and beneficial owner of all issued shares of East Jumbo Development Limited which is the registered and beneficial owner of 12,329,000 Shares.

Save as disclosed above, as the Latest Practicable Date, the Directors were not aware of any persons or corporations, other than the Directors or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

(c) Particulars of share options

Details of the Share Options held by certain Directors of the Group and other employees under the Share Option Scheme as at the Latest Practicable Date are set out below:

| Name of the holders of Share Options | Number of Share Options outstanding at the Latest Practicable Date | Date of Grant | Exercise period of Share Options | Exercise price of Share Options (HK\$ per Share) |
|--------------------------------------|--|------------------|---|--|
| TING Ka Fai Jeffrey | 3,217,000 | 28 February 2022 | Within two years from 28 February 2022 (both dates inclusive) | 0.171 |
| LIU Moxiang | 3,217,000 | 28 February 2022 | Within two years from 28 February 2022 (both dates inclusive) | 0.171 |

5. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates had any interest in any business which competes or may compete, either directly or indirectly, with the business of the Group or has or may have any other conflicts of interest with the Group pursuant to the Listing Rules.

6. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS AND CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date,

- (a) none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation;
- (b) none of the Directors had any interest in any assets which have been, since 31 March 2021 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (c) none of the Directors was materially interested in any contract or arrangement, subsisting at the date of this Prospectus, which is significant in relation to the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, Huajiatai (Shanghai) Indoor Amusement Co., Ltd.* (華嘉泰(上海)室內遊樂有限公司), a non-wholly owned subsidiary of the Company, was claimed by a contractor for an amount of approximately RMB6.9 million in relation to certain outstanding service payments of its services with the Group.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration proceedings or claim of material importance, and so far as the Directors aware, no litigation or claim of material importance is pending or threatened by or against any member of the Group.

* All the English translations of certain Chinese names or words in this paragraph are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

8. QUALIFICATIONS AND CONSENT OF EXPERT

The following is the qualification of the expert who has given its opinion or advice which is contained in this Prospectus:

| Name | Qualification |
|----------------------------------|------------------------------|
| KTC Partners CPA Limited (“KTC”) | Certified Public Accountants |

KTC has given and confirmed that it has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter, report, advice, opinion and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, KTC did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

As at the Latest Practicable Date, KTC did not have any interest, either directly or indirectly, in any assets which have been since 31 March 2021 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. MATERIAL CONTRACTS

As at the Latest Practicable Date, save for the following, there were no material contracts (not being contracts in the ordinary course of business of the Company) which had been entered into by members of the Group within two years immediately preceding the date of this Prospectus which are or may be material:

- (a) In June 2020, the Group has signed 2 forward contracts (the “**forward contracts**”) with two separate independent third parties (the “**2 Parties**”) to sell 372,585,332 listed ordinary shares of Aceso Life Science Group Limited (the “**Aceso shares**”) held by the Group, which were classified as the Group’s financial assets at FVTOCI to the 2 Parties, at the forward price of HK\$0.225 per share of Aceso Life Science Group (“**Aceso**”) in future date of 8 September 2020, regardless of the market value of the stock at the future date. Accordingly, the Group has recognised fair value loss of approximately HK\$65,202,000 through other comprehensive expense from the forward contracts.

On 3 September 2020, the Group entered into a sales and purchase agreement with the vendor of Access Profit Global Enterprises Limited (“**Access Profit**”), to acquire 31% equity interest in Access Profit, which indirectly wholly owned subsidiary holds a leasehold land in the PRC (the “**Land**”) at the acquisition date, at a consideration of HK\$94,000,000, which was satisfied by the issuance of bonds (the “**Bonds**”) at face value of HK\$94,000,000 with 10% coupon rate and maturity date in 2022.

Subsequent to the execution of the sales and purchase agreement with regard to the acquisition of Access Profit and completion of the acquisition, the vendor has transferred the Bonds of aggregate principal amount HK\$94,000,000 to the 2 Parties, and the Group has signed another bond redemption agreement with the 2 Parties to redeem the Bonds and settled the forward contracts on 7 September 2020 and 8 September 2020 by means of transferring the Aceso shares at forward price of HK\$0.225 (aggregate contracted value was approximately HK\$83,832,000), and Aceso Convertible Notes of aggregate principal amount of HK\$10,000,000 with zero coupon, which fair value was measured to be approximately HK\$15,652,000 on the date of redemption to the 2 parties. The Group has recognized loss of approximately HK\$5,483,000 upon redemption of the Bonds in the other gains and losses of the consolidated profit or loss for the year;

- (b) On 25 September 2020, the Group acquired of 51% equity interest in Triple Blessing International Limited (“**Triple Blessing**”), out of which 3% was undertaken by the Group on the same date to hold for and on behalf of the vendor by a deed of undertaking, and, therefore, the Group only beneficially entitled to 48% equity interest. Triple Blessing held intellectual property (“**IP**”) as intangible assets, which are IP rights of certain animation characters, at the acquisition date. The consideration is satisfied by the convertible notes issued by Aceso Life Science Group Limited (“**Aceso Life Convertible Notes**”) in principal amount of HK\$50,000,000 with zero interest held by the Group, and which was with fair value of approximately HK\$66,298,000 at the acquisition completion date;
- (c) (i) a sale and purchase agreement dated 8 December 2020 (“**SPA**”); (ii) a deed of undertaking dated 8 December 2020 (in relation to China Animation Holding (BVI) Limited, a direct wholly-owned subsidiary of the Company (the “**SPA Purchaser**”) holding 300 shares in the target company under the SPA, for and on behalf of a PRC individual namely Ms. LI Honghui* (李紅輝) (the “**SPA Vendor**”)); and (iii) a supplemental settlement agreement to the SPA dated 28 December 2020 (“**SSPA**”), pursuant to the SPA and the SSPA, the SPA Purchaser conditionally agreed to acquire and the SPA Vendor conditionally agreed to sell the sale shares, in the consideration of HK\$44,100,000.00 (which was first settled by issuance of bonds under the SPA, and was at last settled by allotment and issuance of the Shares pursuant to the SSPA);
- (d) In February 2021, the Group entered into and completed a subscription agreement pursuant to which the Group agreed to subscribe for shares of a limited partnership incorporated in the PRC (the “**Investment**”), as a limited

partner, for an aggregate consideration of HK\$40,000,000, which was settled by transferring the Group's Aceso Life Convertible Notes of aggregate principal amount of HK\$40,000,000 with zero coupon, which fair value was measured to be approximately HK\$40,000,000 on the date of subscription of the Investment by an external independent valuer, Vincorn Consulting and Appraisal Limited, to the vendor. The Group, as a limited partner in the Investment, does not have the power to participate in the financial and operating policy decisions of the Investment. As such, the Group does not have significant influence over the Investment. The shares of the Investment held by the Group represent 0.145% of the issued equity capital of the Investment as at 31 March 2021;

- (e) a share swap agreement entered into between the Company and Future World Holdings Limited on 24 August 2021, pursuant to which the Company conditionally agreed to allot and issue 4,000,000 Shares for Future World Holdings Limited's conditional subscription and Future World Holdings Limited conditionally agreed to allot and issue 95,000,000 of its shares for the Company's conditional subscription;
- (f) a settlement deed dated 29 December 2021 entered into between the Company and Bloom Fort Limited ("**Creditor A**") in connection with the settlement of the total sum of HK\$40,020,132.05 owed by the Company to Creditor A ("**Indebtedness A**"), pursuant to which the Company conditionally agreed to allot and issue 98,170,000 new Shares for the conditional subscription by Creditor A in settlement of Indebtedness A (with the waiver to repay HK\$261,282.05 under Indebtedness A);
- (g) a settlement deed dated 23 February 2022 entered into between the Company and Trillion Joint Group Limited ("**Creditor B**") in connection with the settlement of the total sum of HK\$9,571,623.84 owed by the Company to Creditor B ("**Indebtedness B**"), pursuant to which the Company conditionally agreed to allot and issue 55,670,000 new Shares for the conditional subscription by Creditor B in settlement of Indebtedness B (with the waiver to repay HK\$107,723.84 under Indebtedness B);
- (h) a settlement deed dated 23 February 2022 entered into between the Company and Mr. WONG Yu Man James ("**Creditor C**") in connection with the settlement of the total sum of HK\$7,234,769.98 owed by the Company to Creditor C ("**Indebtedness C**"), pursuant to which the Company conditionally agreed to allot and issue 42,500,000 new Shares for the conditional subscription by Creditor C in settlement of Indebtedness C (with the waiver to repay HK\$9,769.98 under Indebtedness C);
- (i) the Underwriting Agreement;
- (j) the Supplemental Underwriting Agreement;
- (k) the Second Supplemental Underwriting Agreement; and
- (l) the Deeds of Irrevocable Undertaking.

* All the English translations of certain Chinese names or words in this paragraph are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

10. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$5.20 million, which are payable by the Company.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

| | | |
|---|---|--|
| Registered Office | : | Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands |
| Principal place of business in Hong Kong | : | Suite 2905, 29/F China Resources Building 26 Harbour Road, Wanchai, Hong Kong |
| Underwriter | : | Raffaello Securities (HK) Limited 7/F, Central 88, 88-98 Des Voeux Road Central, Hong Kong |
| Legal adviser to the Company as to Hong Kong law in relation to the Rights Issue | : | Patrick Mak & Tse Rooms 901-905, 9/F, Wing On Centre 111 Connaught Road Central Hong Kong |
| Reporting accountant | : | KTC Partners CPA Limited Room 617, Seapower Tower Concordia Plaza, 1 Science Museum Road Tsim Sha Tsui East, Kowloon, Hong Kong |
| Principal bankers | : | The Hongkong and Shanghai Banking Corporation Limited Tsim Sha Tsui CVC Branch 82-84 Nathan Road, Kowloon, Hong Kong Hang Seng Bank Limited Chung On Street Branch 38 Chung On Street, Tsuen Wan New Territories, Hong Kong Bank of China (Hong Kong) Limited 56 and 58, Sai Kung Town Centre 22-40 Fuk Man Road, Sai Kung New Territories, Hong Kong |

| | | |
|--|---|--|
| Principal share registrar and transfer office | : | Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands |
| Hong Kong branch share registrar and transfer office | : | Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor Hopewell Centre 183 Queen’s Road East, Wanchai, Hong Kong |
| Authorised representatives | : | Mr. CHONG Heung Chung Jason Suite 2905, 29/F China Resources Building 26 Harbour Road, Wanchai, Hong Kong Mr. LUK Sik Tat Suite 2905, 29/F China Resources Building 26 Harbour Road, Wanchai, Hong Kong |
| Company secretary | : | Mr. LUK Sik Tat (FCCA, FCPA) |

12. DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. CHONG Heung Chung Jason (莊向松), aged 53, is our founder, our executive Director and our Chief Executive Officer. Mr. CHONG was appointed as an executive Director on 20 November 2014. Mr. CHONG is also the Chairman of our Board. Mr. CHONG is primarily responsible for conducting the business of our Group and formulation of business and strategic development of our Group. Mr. CHONG has approximately 24 years of experience in the toy industry. Prior to establishing our Group, Mr. CHONG, together with a business partner, started the toy sales business in July 1996 through the acquisition of all issued share capital of Sino Action as a shelf company. During the period between July 1996 and March 2008, Mr. CHONG was a shareholder of Sino Action holding 50.0% of its shares in issue. Mr. CHONG sold all his equity interest in Sino Action in March 2008 in order to focus on the business development of China Animation BVI.

In May 2009, Mr. CHONG completed a part-time course of “Advanced Training Programme for Executives on Private Equity Investment Fund and Financing by way of Listing on Growth Enterprise Market” (私募股權投資基金和創業板上市融資總裁研修班) organised by Tsinghua University (清華大學). In March 2012, Mr. CHONG completed a part-time course of “Telaote Strategic Positioning” (特勞特戰略定位總裁班) organised by Peking University (北京大學).

Mr. CHONG was elected to serve as a representative of the People’s Congress of Shenzhen City Committee (深圳市人民代表大會代表) from June 2015 to May 2020. Mr. CHONG has been the Vice President and Deputy Chairman of Shenzhen City Longgang District General Chamber of Commerce (Association of Industry and Commerce) (深圳市龍崗區總商會(工商聯)), the Honorary President of eSports

Association, Guangdong Province, China (中國廣東省電競協會榮譽會長) Congress Executive Director of China Cultural Industry Association (中國文化產業協會常務理事), and the Enforcement Supervisor in the fourth term of the Municipal People's Procuratorate of Shenzhen City (深圳市人民檢察院第四屆執法監督員). Mr. CHONG was appointed as the supervisor of the Buji Customs of Shenzhen (深圳布吉海關監督員) for the period between 1 September 2012 to 1 August 2014.

Mr. TING Ka Fai Jeffrey (丁家輝), aged 57, was appointed as an executive Director on 20 November 2014. Mr. TING is our Chief Operating Officer. Mr. TING joined our Group in January 2014, before which Mr. TING worked for Wah Shing during the period between 2008 and 2013 primarily on overseeing the production of the toy products by Wah Shing for Sino Action/China Animation BVI. Mr. TING is principally responsible for overseeing our daily business operations including the sales and the production activities and the implementation of our business plans. Mr. TING has approximately six years of experience in the merchandising industry. Before joining our Group and Wah Shing, Mr. TING was the deputy general manager with Tohki Enterprise Co., a furniture manufacturer, from 1 September 1992 to 31 July 1998. Mr. TING obtained the degree of bachelor of arts from the University of Western Australia in March 1991.

Ms. LIU Moxiang (劉茉香), aged 46, was appointed as an executive Director on 20 November 2014. Ms. LIU joined Shenzhen Wald in June 2012. Ms. LIU is principally responsible for implementing our business plans and strategies. Prior to joining our Group, Ms. LIU worked in sales team of エイメックストレーディング (Aimex Trading Co., Ltd.*) from April 2004 to July 2005. From October 2005 to June 2007, Ms. LIU worked for Walita Toys and Gifts Co., Ltd., Shenzhen as an assistant to the senior executives. Ms. LIU was the executive manager of Shenzhen Huaxia between June 2007 and June 2012. Ms. LIU graduated from 九江學院 (Jiujiang University*) (formerly known as 九江財經高等專科學校 (Jiujiang College of Finance and Economics*)) in July 1999 on international business. From October 1999 to March 2001, Ms. LIU attended Kobe YMCA Japanese Language School in Japan. Ms. LIU studied business administration in Kobe Gakuin University, Graduate School of Economics, in Japan from April 2002 to March 2004 and received a master degree of arts in business administration.

Mr. XIONG Hao (熊浩), aged 39, was appointed as an executive Director on 6 January 2022. Mr. XIONG Hao was the deputy general manager of Huarong (HK) International Holdings Limited from October 2014 to June 2016, and Mr. XIONG Hao served as the executive director of Huarong International Financial Holdings Limited (stock code: 993), a company listed on the main board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") from September 2015 to June 2016. Mr. XIONG Hao was the president of Sunbase International (Holdings) Limited from July 2016 to December 2019, and he was the chief executive officer of TC Concord Securities Limited from January 2020 to June 2021. Mr. XIONG Hao had also worked and taken management positions in a number of financial institutions, including YueXiu Asset Management Co., Limited and Cinda International Holdings Limited. Mr. XIONG Hao obtained a bachelor degree in Chemistry from Peking University in July 2006 and a doctor of philosophy in chemistry from Hong Kong University of Science and Technology in November 2011.

Independent Non-Executive Directors

Mr. NI Zhenliang (倪振良), aged 76, was appointed as an independent non-executive Director on 20 November 2014. Mr. NI is currently the Chairman of the Hong Kong-Greater China Expert Calligraphy Association (香港大中華名家書畫會) and the Shenzhen Municipal Marketing Institute (深圳市市場學會) in the PRC. Mr. NI is also a member of the Federation of Hong Kong Writers (香港作家聯會) in Hong Kong. In April 1974, Mr. NI worked at the PRC State Education Commission (中華人民共和國國務院科教組), an agency of the PRC State Council. In May 1975, the PRC State Education Commission was renamed as the PRC Ministry of Education. Mr. NI worked as the editor, supervisor and officer of 《人民教育》, a publication of the PRC Ministry of Education, until March 1994. From April 1994 to December 2003, Mr. NI held various senior positions in newspapers in Hong Kong and PRC, namely Executive Deputy Editor-in-chief of the publication of “General Affairs in the Society of Democracy and Legal System” (《民主與法制》) in the PRC, President of the Elderly Chinese Newspaper Society (《中華老年報社》) in the PRC, Deputy Editor-in-chief of Ta Kung Pao (大公報) in Hong Kong and Editor-in-chief of the online version of Wen Wei Po (文匯報) in Hong Kong. Mr. NI has also participated in a number of literary societies in the PRC. Mr. NI has been a council member of the Chinese Writers Association (中國作家協會) since 1988, the Chinese Jurists Society (中國法學會) since 1996, the Chinese Reportage Society (中國報告文學學會) since 1993, the Society of Chinese Literary Biography (中國傳記文學學會) since 1994, and the Association of Chinese Senior Professors (中國老教授協會) since 1994. In September 1993, Mr. NI was appointed as a professor by the Association of Chinese Senior Professors.

Mr. TSANG Wah Kwong (曾華光), aged 69, was appointed as an independent non-executive Director of the Company on 20 November 2014. He is also the chairman of the Audit Committee and a member of both the Remuneration Committee and Investment Committee of the Company. Mr. TSANG is a former partner of PricewaterhouseCoopers in Hong Kong and China and has over 30 years of experience in auditing and providing support for initial public offerings and acquisition transactions. Mr. TSANG received a bachelor's degree in business administration from the Chinese University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the Chinese Institute of Certified Public Accountants and a fellow member of the Chartered Association of Certified Accountants.

Currently, Mr. TSANG is an independent non-executive director of the following companies listed on the Hong Kong Stock Exchange: China Merchants China Direct Investments Limited (stock code: 133), Sihuan Pharmaceutical Holdings Group Limited (stock code: 460), TK Group (Holdings) Limited (stock code: 2283) and Shirble Department Store Holdings (China) Limited (stock code: 312). Mr. TSANG is an independent director of HUYA Inc. (listed on the New York Stock Exchange, stock code: HUYA). Mr. TSANG was an independent director of Ping An Securities Group (Holdings) Limited (listed on the Hong Kong Stock Exchange, stock code: 231) from February 2016 to March 2020.

Mr. HUNG Muk Ming (洪木明), aged 57, was appointed as an independent non-executive Director on 20 November 2014.

Mr. HUNG has over 29 years of experience in auditing, finance and accounting. Since February 2017, Mr. HUNG has been the director of Hua Guan New Materials Company Limited (華冠新型材料股份有限公司), a subsidiary of Guangdong Mingcrown Group Limited (廣東名冠集團有限公司). Before that he was the group financial controller of Guangdong Mingcrown Group Limited (廣東名冠集團有限公司), a company engaging in construction, property development, hotels, steel production and ports businesses in Dongguan and Xinhui, the PRC. From October 2002 to January 2005, Mr. HUNG was the group financial controller of Hoi Meng Group (開明集團), a company engaging in garment design, manufacturing and export with production facilities in the PRC, Macau and Cambodia. From July 2001 to September 2002, Mr. HUNG worked as a finance manager of Hong Kong Exchanges and Clearing Limited (stock code: 388), a company listed on the Stock Exchange. From November 1994 to July 2001, Mr. HUNG was the accounting manager of financial control department of Embry (H.K.) Limited. From August 1990 to November 1994, Mr. HUNG was promoted from accountant to senior accountant I of Price Waterhouse (now known as PricewaterhouseCoopers). Mr. HUNG is currently an independent non-executive director and chairman of the audit committee of Cinda International Holdings Ltd. (stock code: 111), a company listed on the Stock Exchange, an independent non-executive director and chairman of the audit committee of Silver Grant International Holdings Group Limited (stock code: 171), a company listed on the Stock Exchange, an independent non-executive director and chairman of the audit committee of Century Sage Scientific Holdings Ltd. (stock code: 1450), a company listed on the Stock Exchange, and an independent non-executive director, chairman of the audit committee and a member of nomination committee of IBO Technology Company Limited (stock code: 2708), a company listed on the Stock Exchange. From September 2004 to February 2006, Mr. HUNG was the independent non-executive director and chairman of the audit committee of Rontex International Holdings Ltd. (stock code: 1142), a company listed on the Stock Exchange.

Mr. HUNG received a bachelor's degree in social sciences with a major in economics, finance and accounting from the University of Hong Kong in December 1990. Mr. HUNG obtained a master's degree in corporate governance from Hong Kong Polytechnic University in October 2008. Mr. HUNG has been a fellow member of the Hong Kong Institute of Directors since November 2009, associate of Hong Kong Institute of Chartered Secretaries and Institute of Chartered Secretaries & Administrators since February 2009, a fellow member of the Hong Kong Institute of Certified Public Accountants since July 2001, a fellow member of the Association of Chartered Certified Accountants since January 1999 and a Certified Public Accountant (Practising) of HKICPA since November 1994.

Honourable Chairman

Mr. Shinichiro IKEDA (池田慎一郎), aged 63, is our Honorable Chairman advising us on our overall business directions and the strategic planning. Mr. IKEDA was appointed as our Honourable Chairman on 16 February 2015. Mr. IKEDA has approximately 29 years of experience in the toy merchandising and animation design and production industries in Japan. Mr. IKEDA is the chairman & CEO of IMA Group, the president of 株式会社ソル・インターナショナル (SOL International Inc.*), a company engaging in distribution of toy products in Japan, the president of 株式会社スタジオデーン (Studio Deen Inc.*), a company engaging in animation production and other related business activities, the director of 一般財団法人日本漫画事務局八月十五日の會 (Japanese Cartoon (manga) Office 8.15*), an general incorporated foundation run by comics artists in Japan, voluntarily actives for world peace, and the Chairman of Suzhou Deen Animation Co., Ltd (蘇州丹尼動畫有限公司). Mr. IKEDA graduated from Dokkyo University, Japan with a bachelor's degree in law in March 1983.

Business address of the Directors and senior management

The business address of the Directors and senior management is the same as the Company's head office and principal place of business in Hong Kong at Suite 2905, 29/F China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

* *For identification purpose only*

13. BINDING EFFECT

The Prospectus Documents, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong.

Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of sections 44A and 44B of the Companies (WUMP) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents, and the written consent referred to in the paragraph headed "Qualifications and Consent of Expert" in this appendix have been delivered to the Registrar of Companies in Hong Kong for registration as required by section 342C of the Companies (WUMP) Ordinance (Chapter 32 of the Laws of Hong Kong).

15. DOCUMENTS ON DISPLAY

The following documents are available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<https://www.animatechina.com/en/>) for a period of fourteen days from the date of this Prospectus:

- (a) the letter from KTC in respect of the unaudited pro forma financial information on the Group, the text of which is set out in Appendix II to this prospectus;
- (b) the written consent of the expert as referred to in the paragraph headed “Qualification and Consents of Expert” in this appendix;
- (c) the Underwriting Agreement;
- (d) the Supplemental Underwriting Agreement;
- (e) the Second Supplemental Underwriting Agreement; and
- (f) the Deeds of Irrevocable Undertaking.

16. MISCELLANEOUS

- (a) The English text of this Prospectus shall prevail over the Chinese text in case of any inconsistency.
- (b) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (c) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.